

A.I.D. EVALUATION SUMMARY - PART I

FD-1511-2.11 98500

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office USAID/DR (ES# *)		B. Was Evaluation Scheduled in Current FY annual Evaluation Plan? Yes [] Slipped [x] Ad Hoc [*] Evaluation Plan Submission date: FY 96 Q2		C. Evaluation Timing Interim [x] Final [*] Ex Post [*] Other [*]	
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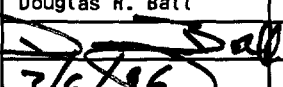
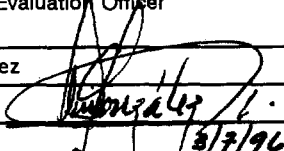
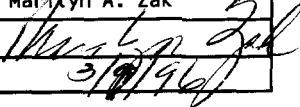
D. Activity or Activities Evaluated (list the following for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
PL 480 Title I	Section 108	June 1987	1999	32.9 mil	NA

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director		Name of Officer Responsible for Action	Date Action to be Completed
<p>Action(s) Required</p> <p>1. USAID must meet to decide at the executive level which evaluation recommended option it will pursue.</p> <p>Note: During the SO1 TR2 meeting on Friday Nov. 3, 1995, an executive decision was made by the Mission Director and with agreement from SO1 Team and responsible officer to pursue recommendation number 1 - "let the program run its course with virtually no change."</p>		D. Ball	Dec. 1995. Done.

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation:					(Month)	(Day)	(Year)
G. Approvals of Evaluation Summary And Action Decisions:							
	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director			
Name (Typed)	Douglas H. Ball		Luis González	Marilyn A. Zak			
Signature							
Date	3/6/96		3/7/96	3/7/96			

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

Global's LAC TECH project undertook an evaluation of the PL-480, Title I, Section 108 Program in the Dominican Republic. The team arrived in country August 27, 1995 and proceeded to conduct a review of the mission files as well as a series of interviews with the financial intermediaries and selected sub-borrowers under the program.

The team found that the program to date has met the original objectives set forth in the Section 108 agreement and legislation. The program can be continued in its present form with only minor changes to monitoring procedures.

The team found that there is sufficient demand for program services to warrant a change to the payment schedule of the program with the aim to keep the remaining corpus of the Section 108 funds intact and available for lending purposes until the end of the program (1999). The option is mentioned as one of four possible uses of funds derived from principal repaid to date in the original agreement and Section 108 documentation.

The team also found that the program, as it presently exists, is inconsistent with the current mission strategic framework.

Based on these observations, the team presented the mission with a set of three alternative recommendations as follows:

1. Leave the program as it presently stands.
2. Revise the program to keep the remaining corpus intact until the end of the program (1999).
3. Revise the program to bring it more in line with current mission strategic objectives and take a more active role in guiding its future.

The evaluation team presented the mission with the various arguments for and against each of the options outlined above.

COSTS

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
James Riordan	LAC TECH	5	\$0	LAC TECH
David Tacker	LAC TECH	10	\$0	LAC TECH
2. Mission/Office Professional Staff Person-Days (Estimate)		3. Borrower/Grantee Professional Staff Person-Days (Estimate)		

A.I.D. EVALUATION SUMMARY - PART II

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- | | |
|---|--|
| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of Activity(ies) evaluated • Findings and conclusions (relate to question) | <ul style="list-style-type: none"> • Principal Recommendations • Lessons learned |
|---|--|

Mission or Office:

USAID/DR

Date This Summary Prepared:

8 September, 1995

Title And Date Of Full Evaluation Report:

Interim Impact Evaluation of PL-480 . . .

PURPOSE OF THE EVALUATION AND METHODOLOGY USED:

The purpose of this evaluation was to give Mission management interim information on the project performance in meeting the original project goals and to determine if any mid-course adjustments were required.

Methods used in the evaluation included in-depth review of project files (i.e. original agreements, reports, and other documents) as well as interviews and site visits with project managers, management teams from the implementing banks, and loan recipients.

PURPOSE OF ACTIVITY EVALUATED: The original intent behind the program objectives of Section 108 was to increase the volume of agriculture-related credit available in the Dominican Republic, promote the consumption of U.S. agricultural commodities, and provide security and safety for the funds invested in the program.

FINDINGS AND CONCLUSIONS: The team found that the Section 108 program has met its objectives up to the present date. Most of the loans provided under the program have gone to agricultural related private enterprises. Many of the loans have promoted the consumption of U.S. agricultural commodities. The program to date has provided a maximum of safety and security to the Section 108 funds. Banks have generally lent to low risk sub-borrowers and have had an extremely low default rate. Under the original terms of the program, the program has been a success.

The program's efficiency improved greatly during 1994. As of March 31st, 1995, the funds utilization ratio was 94%. The evaluation team found little to indicate that the rate has fallen substantially over the past six months. Payments received by AID under this program have been timely and complete.

The evaluation team found that the majority of subloans are consistent with program objectives. Subloans are concentrated (87%) in the production of agriculture-related goods and services. As mentioned above, over 30% of the loans have gone to producers who utilize U.S. inputs such as livestock feed, caustic soap, and tallow. Interest rates were found to be, on average, 1 to 2 points below the prime rate. They are, in short, attractive but still at market rates.

A small minority of subloans were made with lives of less than three years, contrary to the Section 108 legislation. These loans were all made in the early stages of the program and this problem has been corrected. However, the team detected a pattern that a substantial portion of the loans are being paid back before term. There is a relatively heavy reliance on subloans for working capital. A full 60% of the subloans made under the program to date have been for working capital as opposed to 10% for capital investment. There has been a tendency by the banks to allocate funds to "safe" investments with large firms in protected sectors such as rice and poultry as opposed to non-traditional economic activity. Under the original terms of the program, these are not negative outcomes. In the view of the evaluation team, however, these outcomes do not meet current mission objectives.

The original agreement focused almost entirely on the promotion of productive, private enterprise investment. Although allowance was made for participation by cooperatives and non-profit voluntary organizations, the distribution of the benefits of the program -- and especially the participation of poor Dominicans in it -- was a secondary consideration; the new strategic framework brings to the fore concern for "increased access to economic opportunities and benefits for the majority of Dominicans." Given this concern, the Section 108 program, as it currently stands, does not fit well within the current strategic framework.

Recommendations - Three alternatives can be distinguished:

1. Let the program run its course with virtually no change

Advantages: minimal management burden; take credit for a program that was successful in meeting objectives established in another era.

Disadvantages: gradual decline in size of program; lack of consonance with current Mission concern for poor people; likely continuance of concentration of subloans in safe but protected sectors.

2. Revise the repayment schedule to keep the remaining corpus intact until the end of the program.

Advantages: keep intact the scarce funds available in country for medium- and long-term lending without meddling with the terms for such lending.

Disadvantages: lack of consonance with current Mission concern for poor people; likely continuance of concentration of sub-loans in safe but protected sectors; loss of opportunity to condition the increased availability of loanable funds to meet current Mission objectives.

3. Revise the conditions of the program to bring it more in line with current Mission strategic objectives and take a more active posture in guiding its future (for example, by restricting loan funds to small and medium firms or to a narrower spectrum of economic sectors).

Advantages: consonance with current Mission concern for poor people; allocation of sub-loans to investments in activities of comparative advantage; greater impact on poor people.

Disadvantages: increased management intensity both of negotiating amendments to existing agreements and of monitoring compliance with tighter, less commercially profitable program.

Regardless of the alternative chosen, monitor the impact of the program on final beneficiaries -- at a minimum, to meet Congressional reporting requirements; at a maximum, to affect the future direction of the program. Outstanding issue is how to finance such monitoring; even if the GODR were to pay the USG the RD\$23.8M that stem from its use of an inappropriate exchange rate, it is not clear that the proceeds in question could be directed to program management. Another possibility is to look into increased mission involvement with marketing the program. The mission could conceivably have an impact on the composition of the sub-loan portfolio through such marketing. The evaluation team did not look deeply into this possibility.

LESSONS LEARNED FROM INTERIM IMPACT EVALUATION OF PL-480, TITLE I, SECTION 108 PROGRAM

1. All other things being equal, commercial banks will sublend to "safe," low-risk sub-borrowers, which generally means relatively well-off sub-borrowers. If USAID wants to have a higher percentage of poor among the sub-borrowers, more restrictive sublending conditions must be imposed.
2. Although program statistics are neutral on this point, anecdotal evidence suggests strongly that the program has had a greater impact on small and remote sub-borrowers, in contrast to larger sub-borrowers where the loan was just one of many sources of capital.
3. Since the program sublends relatively heavily to protected sectors, it is tempting to impose conditions restricting sublending to those sectors. Doing so would attack a symptom, however, not a cause. Although protectionism is a major problem in the Dominican Republic, it is beyond the purview of this program to correct it.
4. The concerns guiding a Mission's program in one era may differ from those in another. In an evaluation of this kind, therefore, it is possible to come to the anomalous conclusion that a program is both successful and out of sync with

(cont. page 5)

LESSONS LEARNED..... (cont.....)

4. current Mission objectives. The advisability of modifying the program will be a function of the transaction costs involved. If they are too high, it may be preferable to leave things alone.
5. If a program is designed to be largely self-managed, there is little incentive for the Mission to look at it as part and parcel of its development program and to monitor and evaluate it conscientiously.
6. Both Section 108 program committees, the one in Washington and the one in the field, focused almost exclusively on getting the program off the ground. So much of a premium was placed on self-management that the committees did not foresee the need for any follow-up beyond occasional perfunctory meetings. When the Section 108 program was not renewed by Congress, the committees disbanded leaving no governing body to consider mid-course corrections on those programs already underway.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

Interim Impact Evaluation of PL-480, Title I, Section 108 Program in the Dominican Republic.

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

The LAC TECH team worked extremely hard within a tight schedule to perform this evaluation. They are to be commended for providing the Mission with sufficient information necessary to make the critical management decision on the continued operation of this program.

AGRICULTURE AND RURAL DEVELOPMENT TECHNICAL SERVICES PROJECT
AID/LAC/DR/RD, CHEMONICS INTERNATIONAL, U.S. DEPT. OF AGRICULTURE

**INTERIM IMPACT EVALUATION
OF PL-480, TITLE I, SECTION 108 PROGRAM
IN THE DOMINICAN REPUBLIC**

FINAL DRAFT

Submitted to

USAID/Dominican Republic

James T. Riordan

David L. Tacker

LAC TECH Evaluation Team

October, 1995

FINAL DRAFT, October 4, 1995

**INTERIM IMPACT EVALUATION
OF PL-480, TITLE I, SECTION 108 PROGRAM
IN THE DOMINICAN REPUBLIC**

Introduction

USAID/Dominican Republic approached G/EG/AFS/AEMD in July of 1995 with a request for services from the LAC TECH Project. The Mission asked that the project conduct an interim impact evaluation of its PL 480, Title I, Section 108 program. Responding to the request for services, LAC TECH sent an evaluation team to the Dominican Republic on August 27. The team consisted of Dr. James Riordan, LAC TECH's technical chief of party, and Mr. David Tacker, project manager of the Chemonics component of the project. Because of a previous commitment to USAID/Bolivia, Dr. Riordan left Santo Domingo on Friday, September 1, leaving Mr. Tacker to conduct additional interviews and finish the first draft of the report the following week. The team spent a total of 15 person days in country working on the evaluation. The scope of work for the evaluation appears as Appendix A of this report.

During the first week in country, the team visited four of the five banks that serve as financial intermediaries for the Section 108 program. The team also made visits to seven of the program's 87 sub-borrowers. The team had scheduled an additional trip to visit sub-borrowers in the Cibao valley, but the trip was canceled because of the potential threat posed by Hurricane Luis. Aside from making visits to sub-borrowers, the team met with USAID staff and conducted an extensive review of the Mission's Section 108 files. The review included an analysis of the authorizing legislation and the agreements and other documentation associated with the Mission's program. The team also met with Mr. George Spence, whom the Mission had contracted to monitor the program. Since the team spent only limited time in country, this report is not an exhaustive evaluation.

The team would like to take this opportunity to thank the Mission for its assistance in the evaluation. The team particularly would like to thank Mr. Douglas Ball, whose help proved invaluable. Also essential was the preparatory work conducted by George Spence. His work in organizing the Section 108 files as well as his periodic reports on the progress of the program allowed the team to set to work immediately.

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PL-480, Title I, Section 108 Program, Dominican Republic
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Background

Section 108 authorizes foreign currency accruing from PL-480, Title I, commodity sales to be used to finance:

- (1) productive, private enterprise investment within the country, including such investment in projects carried out by cooperatives, non-profit voluntary organizations, and other entities found to be qualified by the President;
- (2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or
- (3) private enterprise support of self-help measures and projects. [see Appendix B for a copy of the legislation]

The legislation also stipulates that:

A final intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section.

Two agreements, one signed in June of 1987 and the other in June of 1988, authorized the PL-480, Title I, Section 108 program in the Dominican Republic. Together, the agreements set up the arrangements for the Dominican peso equivalent of approximately \$31.2 million paid by the GODR to the USG for commodity imports to be used in a private sector credit program. Specifically, the funds in question were to be made available for an initial ten-year period to finance medium- and long-term investment loans, especially for agriculture-related activities.

Five local commercial banks administer the program, acting as intermediaries between USAID and final loan recipients. The rationale for this design feature was: a) to provide security and safety for the funds by entrusting them to financially sound and experienced institutions that would lend at market rates; b) to shield USAID from any direct responsibility for selecting a portfolio of sub-borrowers -- which it did not have the expertise to do -- and oblige the banks to bear the full financial risk of lending; and c) to insulate the USG from political pressures to become involved in credit allocation decisions.

In accordance with the legislation, the program in the Dominican Republic was viewed as a mechanism both to increase agriculture-related credit available in country and to promote the consumption of U.S. agricultural commodities.

This evaluation concludes that, at least until now, the Section 108 program has met its original objectives. Most loans have gone to agriculture-related private enterprises, and many of the loans

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have stimulated the import of U.S. agricultural commodities. The program also has provided a maximum of safety and security for Section 108 funds. Banks generally have lent to low-risk sub-borrowers at commercial interest rates, and have had extremely low default rates. Measured against the original terms of the agreements, the program has been a success.

A. Program Statistics

George Spence's Quarterly Memorandum As of March 31, 1995 gives a comprehensive overview of the current status of the program, especially of the performance of the participating banks (see Appendix C). Suffice it here to highlight the marked improvement in the onlending efficiency of the program during 1994 -- much of which appears to be related directly to the quality of Mr. Spence's monitoring. As of March 31, 1995, the funds utilization ratio was 94 percent, and the rate does not appear to have fallen substantially over the past six months. The banks also have made their scheduled payments to the USG on time and in full.

In light of the focus of Mr. Spence's work on the performance of the banks, the evaluation team concentrated its attention on the history and status of the sub-loans under the program, that is, on the program's sub-borrowers.

Appendix D contains a set of exhibits constructed by the evaluation team from the data in the Section 108 files. Although incomplete, the exhibits offer an overview of the entire sub-loan portfolio. The exhibits differ from the tables prepared by Mr. Spence in two respects. First, they include all sub-loans made under the program to date, not just sub-loans currently outstanding. Second, they furnish qualitative information on the sub-loans themselves. The exhibits in Appendix D are:

Exhibit 1	Distribution of Sub-Loans by Economic Activity (figure)
Exhibit 2	Distribution of Sub-Loans by Economic Activity (table)
Exhibit 3	Purposes of Sub-Loans Made Under Section 108 Program
Exhibit 4	Analysis of Sub-Loan Portfolio By Bank (with accompanying notes)

The average sub-loan size under the Section 108 program to date is RD\$2.5 million. The average assets of the sub-borrower firms are approximately RD\$60 million. The average number of employees is 183, of which, on average, 40 are women. As a rule, therefore, the five banks have lent to relatively large sub-borrowers. The one notable exception is Banco del Progreso.

Appendix D reveals several positive aspects of the program. Roughly 88 percent of the sub-loans made under the program have been agriculture-related, which is consistent with the Section 108 legislation. Many of the sub-loans -- 34 of a total of 108 loans, about 30 percent -- have gone to sub-borrowers that rely directly or indirectly on inputs produced in the U.S. For example, approximately

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18 percent of the value of all sub-loans went to poultry producers. Almost without exception, poultry producers use corn and other feed grains from the U.S. as production inputs.

Appendix D reveals findings that raise questions as well. Some of the questions have their roots in the Mission's current strategic objective framework, which attaches much higher priority to equity concerns than the original Section 108 agreements. Although such concerns did not influence the design of the program originally, it is only natural that they affect the Mission's posture toward the program at the current time. The preponderance of relatively large sub-borrowers is a case in point. An additional concern is the high proportion of program sub-loans -- 43 percent -- that have gone to rice, poultry, and cattle production. Rice and poultry arguably are among the most protected sectors in the Dominican Republic, and the cattle industry -- at least directly -- is among the least labor-intensive sectors in the economy. Additionally, sub-loan recipients indicated that 30 percent of the jobs to be created with the sub-loans would go to women. Many of the jobs in question were to be seasonal or short-term, not permanent positions. Finally, 66 percent of the recipients indicated that the primary purpose to which sub-loan funds would be put would be working capital requirements. Although such responses do not rule out the possibility that the funds also were used for investment purposes, this finding calls into question the extent to which the investment objective of the program in fact has been met.

The impact of Section 108 sub-loans on employment and sales often is difficult to isolate in relatively large firms. In such cases, program funds typically are mingled with other funds and enter into the firms' overall cash flow. Frequently they make up a very small proportion of a firm's investment budget. For example, Avícola Almíbar, which posted sales last year of over 390 million pesos, took out four separate sub-loans under the program. The four sub-loans, none of which exceeded six million pesos, simply entered the company's general cash flow as the proverbial drop in the bucket. Although the company used its cash flow to purchase grain from the U.S., to meet payroll, to invest in new plant and equipment, and to expand operations, the very scale of its operations makes it virtually impossible to say what investment, sales, or employment impact was attributable to the Section 108 program. In interpreting the employment and sales estimates in Appendix D, therefore, the reader is urged to exercise extreme care: not only are there sizable data gaps, but the figures reported may bear little relationship to "reality."

B. Consistency of Sub-loans with Program Objectives

The majority of sub-loans have been consistent with original program objectives. As noted above, sub-loans are concentrated in the production of agriculture-related goods and services, and over 30 percent have gone to producers that use U.S. inputs such as livestock feed, caustic soda, and tallow. On average, the interest rate charged to sub-borrowers is one to two points below commercial short-term rates. Interest rates are attractive but well in the line with the market.

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At the beginning of the program, a small minority of sub-loans were made for less than three years, which is what the agreements had established as the shortest term permissible under the program. Although that problem has been corrected, a substantial number of sub-borrowers have paid back their sub-loans before term. This phenomenon is consistent with the relatively heavy reliance on sub-loans for working capital. The participating banks have tended to allocate funds to "safe" investments with relatively large firms in protected sectors such as rice and poultry. Again, under the original terms of the program, that is not a negative outcome. It is, however, somewhat at odds with the Mission's current strategic objective framework.

C. Anticipated and Unanticipated Benefits of the Program to Sub-Borrowers

Interviews with a limited number of sub-borrowers suggest that the most attractive features of the sub-loans are their long term and their competitive interest rate. At the moment, the Section 108 program is practically the only source of commercial medium- to long-term financing in the Dominican Republic. In at least some cases, therefore, it is likely that small firms have been able to make investments that would otherwise have fallen beyond their financial reach. Still, market interest rates now are rather high. The going rate for short-term lending currently is about 23 percent. Section 108 sub-loans are offered at one or two points below that. The absence of other sources of medium- and long-term financing has made it relatively easy for participating banks to place loans and cover their costs.

A significant unanticipated benefit of the program is the latitude it has offered sub-borrowers to meet their ongoing need for working capital with lower transactions costs than through repetitive short-term loans. Other loans available commercially average only 90 days, less than the growing season for most crops. Section 108 offers sub-borrowers the option of stringing together in one loan package what otherwise would need to be a series of discrete transactions. It also is conceivable that the guarantee of at least three years of funding itself acts as an incentive for sub-borrowers to make capital investments in their operations.

D. Impact on Nontraditional Products

Investment in nontraditional products has been the exception rather than the rule. Roughly eight percent of Section 108 loans have gone to producers of nontraditional products such as avocados, bananas, mangoes, pineapples, and other miscellaneous fruits and vegetables, mostly for the domestic market. The banks view non-trationals as very risky. Between the recent outbreak of the White Fly and a history of APHIS impoundments, nontraditional exports have had a rocky past.

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E. Impact on Agricultural Exports

The bulk of the production resulting from Section 108 sub-loans has been destined for the domestic market. Sub-loans have been concentrated in protected sectors such as rice, chicken, and beef. As a rule, those products are not competitive in world markets.

F. Impact on Foreign Exchange

To the extent that sub-loans have led to increased availability locally of products that otherwise would be imported, the program has had a foreign exchange effect. On the other hand, many of the products have required inputs from abroad, particularly from the U.S.

G. Differences Between Section 108 Guidelines and GODR/USG Agreement

Section 108 guidelines spell out four possible uses of sub-loan reflows, including reprogramming them for program objectives:

Currencies repaid by financial intermediaries shall, as determined by the President -

(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

(B) be used for the development of new markets for United States agricultural commodities;

(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

(D) be converted to dollars. [see Appendix B]

Although the legislation allows reflows to be channeled back into a Section 108 program as capital for additional sub-loans, the agreements governing the program in the Dominican Republic set up a semi-annual repayment schedule that gradually is shrinking the capital available for sub-lending. By December 1999, all sub-loans will be paid in full. Funds paid back to date have passed to the U.S. Treasury and, at least under the current set of arrangements, cannot be reclaimed for future program use. Legally, the evaluation team sees no reason that the Mission could not stake a claim to those resources, even at this late date, but the transactions costs of making it happen most likely would be exorbitant.

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Originally, the Mission viewed the program as one that would expand, not contract (see "Draft Description of the Section 108 Program," dated November 4, 1988). It also is clear that it expected the program to continue beyond its "initial ten-year period." That expectation is consistent with the discussion of Section 108 by Hanrahan and Epstein in their Congressional Research Service report of September 14, 1987: "After 10 years has elapsed, the principle [sic] of the local currency loan is converted to U.S. dollars These dollar conversions can either be *reloaned* or be maintained in a fund that is subject to reappropriation by Congress" (emphasis added). Interestingly, Hanrahan and Epstein also note that the 1987 Congress was considering targeting a portion of Section 108 local currencies to be relent to microenterprises or small businesses.

"In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary," the legislation allows for a grant to be made "from currencies received from sales made under section 101(a)(3) of this Act to defray the startup costs of becoming a financial intermediary" (see also State 259310 (1986)). The agreements in the Dominican Republic make no reference to this eventuality. No Section 108 funds have been used to make grants to cooperatives or nonprofit voluntary agencies. Instead, the Mission has relied solely on commercial banks as the program's financial intermediaries.

Section 108 guidelines call for financial intermediaries to give preference to the financing of agriculture-related private enterprise "to the maximum extent feasible." The agreements in the Dominican Republic are consistent with this stipulation.

The Section 108 legislation calls for annual reports to Congress on activities carried out under the program, "including an evaluation of the impact of investment under this section ... on the development of agricultural-related private enterprise in each participating country." Neither the Section 108 guidelines nor the agreements indicate how the monitoring required for such reporting is to be paid for. On the other hand, the "Draft Description of the Section 108 Program" is quite explicit in its expectations concerning the source of funds for program evaluation:

Annual program evaluations will be undertaken by AID and financed with Program Development and Support (PD&S). During the initial years of the Section 108 Program, these evaluations will concentrate on Program operations. Later, they will examine the impact of the Program in terms of private sector growth, employment generation, foreign exchange, and market development for U.S. agricultural commodities.

H. Consistency with Mission's New Strategic Framework

The agreements between the GODR and the USG focused almost entirely on the promotion of productive, private enterprise investment. Although allowance was made for participation by cooperatives and non-profit voluntary organizations, the distribution of the benefits of the program -- and especially the participation of poor Dominicans in it -- was a secondary consideration. In

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contrast, the Mission's new strategic objective framework brings to the fore concern for "increased access to economic opportunities and benefits for the majority of Dominicans."

The new strategic objective framework attaches high priority to microenterprises and small businesses. Although some Section 108 sub-loans have been made to small firms, the vast bulk of the funds have gone to relatively large operations. Still, Section 108 is an attractive program into which microenterprises -- especially agriculture-related microenterprises -- might graduate as they outgrow specialized sources of microfinance. Shifting the composition of the sub-loan portfolio in that way, however, probably would require more active marketing than has been the case to date.

I. Recommendations

Although each offers its own wrinkles, the Mission has essentially three options to choose from in deciding how to structure and manage the Section 108 program in the future. Each option has advantages and disadvantages. Rather than choose for the Mission, therefore, the evaluation team concludes this report with a brief description of each option, together with its major pros and cons:

Option 1. Let the program run its course with virtually no change

Advantages

- ◆ Minimal management burden
- ◆ "If it ain't broke, don't fix it": take credit for a program that was successful in meeting objectives established in another era and leave it at that

Disadvantages

- ◆ Gradual decline in size of program
- ◆ Lack of consonance with current Mission concern for poor people
- ◆ Likely continuance of concentration of sub-loans in relatively large enterprises in safe but protected sectors

Option 2. Revise the repayment schedule to keep the remaining corpus intact until the end of the program

Advantages

- ◆ Maintenance of scarce funds available in country for medium- and long-term lending
- ◆ Minimal management burden

Disadvantages

- ◆ Lack of consonance with current Mission concern for poor people
- ◆ Likely continuance of concentration of sub-loans in relatively large enterprises in safe but protected sectors
- ◆ Loss of opportunity to condition the increased availability of loanable funds to meet current Mission objectives

Option 3. Revise the conditions of the program to bring it more in line with current Mission strategic objectives and take a more active posture in guiding its future (for example, by placing a lower cap on permissible sub-loans, or by restricting sub-loans to small and medium firms or to a narrower spectrum of economic sectors)

Advantages

- ◆ Consonance with current Mission concern for poor people
- ◆ Allocation of sub-loans to investments in activities of comparative advantage
- ◆ Greater impact on poor people

Disadvantages

- ◆ Increased management intensity both of negotiating amendments to existing agreements and of monitoring compliance with tighter, less commercially profitable program

FINAL DRAFT, Interim Impact Evaluation
PL-480, Title I, Section 108 Program, Dominican Republic
October 4, 1995 - Page 10

Regardless of which option the Mission chooses, the need for information on the impact of the program on its sub-borrowers will not go away -- at a minimum, to meet Congressional reporting requirements, and, at a maximum, to guide the future composition of the sub-loan portfolio. The outstanding issue is how to finance the monitoring required to obtain such information. Even if the GODR were to pay the USG the RD\$23.8 million that stem from its use of an inappropriate exchange rate, it is not clear, legally, that the proceeds in question could be directed to program monitoring and evaluation. The only practical alternative appears to be PD&S funds, which obviously have a high opportunity cost.

a:\eval108.w51

APPENDIX A

SCOPE OF WORK

I. BACKGROUND:

On June 30, 1987, pursuant to Section 108 of the Agricultural Trade Development and Assistance Act of 1954, as amended, known as PL-480 Title I, the Government of the United States of America (USG), acting through the US Agency for International Development (USAID), signed an agreement with the Government of the Dominican Republic (GODR), for sales of agricultural commodities to the Dominican Republic. Initial imports of edible vegetable oil (32,000 M.T.) financed to the GODR during FY 1987 totalled \$12.9 million. An additional importation and sale of approximately 52,000 M.T. of soybean oil and wheat for a total amount of \$20.0 million, was arranged through a Memorandum of Understanding under the PL-480 Title I Agreement Section 108 signed between the two governments on April 29, 1988.

Pursuant to the June 30, 1987 agreement between the GODR and USG, on February 14, 1990 the USAID Mission in the Dominican Republic, entered into a Loan Agreement ("Agreement") under which it lent a total of RD\$156,122,036.95 to six commercial banks ("Participating Banks") operating in the Dominican Republic. These funds represented 95% of the amount received by the USG, plus accumulated interest, in payment for exports of U.S. agricultural commodities shipped to the D.R. under the June 30, 1987 Agreement PL-480 Title I, Section 108 Agreement between the USG and the Government of the Dominican Republic. Disbursement of the loan from USAID to the Participating Banks took place in two tranches, the first, for RD\$138,071,991.15, on July 24, 1990, and the second, for RD\$18,050,045.80, on February 15, 1991.

This loan was contracted on a fixed term basis, with final maturity occurring almost 10 years after the signing date, on December 31, 1999. Principal repayments were scheduled to begin on December 31, 1992, after a grace period of nearly two years. Repayment was scheduled in the form of 15 approximately equal, consecutive semi-annual payments of RD\$9.6 Million.

Under this Agreement, the Participating Banks are required to relend the funds to Eligible Sub-borrowers to finance productive, private enterprise investment within the Dominican Republic and private enterprise facilities for aiding the utilization, distribution and consumption of U.S. agricultural commodities.

Since 1990 the Participating Banks have complied with the Loan Agreement's provisions for payment of interest and repayment of principal, as well as with the provisions for quarterly reporting of subloans.

At the time this Agreement was signed, the Dominican Republic was facing severe difficulties in making hard currency payments for its priority imports of agricultural commodities. Simultaneously, the D.R. financial markets were quite illiquid, resulting in a scarcity of loanable funds to finance productive private sector investment. This program addressed both of these needs of the host country with minimal administrative costs, and has, since disbursement, produced a very attractive positive return on the USG funds employed.

Section 17 of the February 14, 1990 Loan Agreement states that "This Agreement shall be subject to periodic audit by authorized representative of the USG to determine whether its terms and conditions are being fulfilled". During October of 1993, a special review of the Section 108 program was carried out by a Senior Banking and Finance Consultant.

The Economic Development Team (EDT) of USAID/Dominican Republic has the responsibility within the Mission for implementing a variety of project and policy activities designed to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion and improvement of the production of food and other related goods and services within the Dominican Republic. To support and assist in evaluating progress to date, the EDT will conduct an impact evaluation of the PL-480 Section 108 program. This impact evaluation will require a thorough analysis of the impact of interventions financed by Section 108 to date.

II. OBJECTIVE:

The contractor scope will undertake the necessary investigations and provide reports on the Section 108 program subloans to date with emphasis on how the program is effectively meeting the main objectives of the PL-480 loan program.

III. TASKS:

Using records available from the USAID Mission and the various commercial banks involved in the Section 108 program, and through visits to borrowers under the program, the contractor will obtain information necessary to address the following questions:

A - The program statistics including a description of subloan activities, amounts, terms, interest, and sectoral distribution; to the extent possible, this information should be desegregating by gender.

B - The extent to which funds received by the sub-borrowers under the Section 108 program were used for purposes consistent with the objectives of the program.

C - The extent to which the loans received by borrowers under the programs produced the benefits anticipated by the borrowers, and/or other unanticipated benefits.

D - The overall impact that the program has had on the introduction and/or expansion of production of non-traditional products.

E - The impact of the program on the expansion of agricultural exports from the D.R.

F - The impact of the program on the generation of foreign exchange and/or foreign exchange savings.

G - The differences, if any, between the PL480, Section 108, guidelines and the objectives set forth in the GODR/USG 1987 agreement, to determine the potential for broader application/utilization of funds under this program.

H - The relationship, contribution, and strategic fit of the program within the Mission's new Strategic framework.

I - Recommendations for future directions -- including possible changes to the Section 108 program -- to manage this program for enhanced results.

IV. REPORT AND DELIVERABLES:

A. The contractor shall attend an entrance meeting at USAID with members of the Economic Development Team and other USAID officials as appropriate.

B. The contractor will submit to USAID/DR both a detailed outline of the evaluation methodology to be used and an evaluation plan along with a verbal briefing at the end of the first week after arriving in the country.

C. The evaluation team shall submit four (4) copies of both a draft evaluation report and the Project Evaluation Summary (PES) form (AID-1330) 3 days prior to a final debriefing meeting to be held with USAID/DR before evaluation team departure from the country. After receiving comments from USAID/DR staff, the evaluation team will prepare a draft (two copies) of the final evaluation report, before leaving the country, which must include all sections required for the PES, i.e., a detailed outline, an executive summary, an abstract, purpose of evaluation and methodology used, purpose of activity evaluated, findings and conclusions, principal recommendations, and lessons learned.

D. Three (3) additional workdays following the evaluation team departure from the Dominican Republic will be allowed for completion, editing and reproduction of the final evaluation report. This report will be prepared at the contractor's home office. Ten (10) copies in English of both the final version of the report and the Project Evaluation Summary (PES) form (AID/1330-5), shall be submitted to USAID/DR, no later than fifteen (15) days after the evaluation team departure from the Dominican Republic.

E. In addition to their hard copies, the final version of the evaluation report and the completed PES form will be provided in electronic format (WordPerfect 5.2 for WINDOWS, on 3.5" diskettes), to the USAID/DR Economic Development Team.

F. This final report will be structured to serve as the required USG report on Section 108 activities to the GODR, as well as a descriptive piece for Washington and other Missions, as well as for USAID/DR. Included will be a thorough discussion of recommendations for program improvement and/or redesign.

IV. PAYMENTS

To be arranged by LACTECH Project, USAID/W.

CC: JMDeal, Acting DIR

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CLEARANCES:

CON:WBUTLER IN-DRAFT DATE 7-7-95
PDO:CCOWEY IN-DRAFT DATE 7-10-95
SOI:LKLAIRD IN-DRAFT DATE 7-10-95

APPENDIX B

private and voluntary organizations, proceeds may be granted to defray the startup costs of becoming a financial intermediary. Such proceeds shall not be used to promote the production of commodities or the products thereof that will compete, as determined by the President, in world markets with similar commodities or the products thereof produced in the United States."

(h) Such Act is amended by inserting after section 107 (7 U.S.C. 1707) the following new section:

"Sec. 108. (a)(1) In order to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of food, and other related goods and services within a developing country and pursuant to an agreement for the sale of agricultural commodities entered into under this title, the President may enter into an agreement with a financial intermediary located or operating in such country under which the President shall lend to such financial intermediary foreign currency that accrues as a result of commodity sales to such country under a sales agreement entered into under this title after the date of enactment of the Food Security Act of 1985. Procurement and other contracting requirements, normally applicable to appropriated funds, shall not apply to such foreign currency."

"(2) Prior to loaning the foreign currencies as provided in this section, the President shall take such steps as may be necessary to assure that the availability of such foreign currencies to financial intermediaries is adequately publicized within the purchasing country."

"(b) To be eligible to obtain foreign currency under this section, a financial intermediary must enter into an agreement with the President under which the intermediary agrees to use such currency to make loans to private individuals, cooperatives, corporations, or other entities within a developing country, at reasonable rates of interest, for the purpose of financing—

"(1) productive, private enterprise investment within such country, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, and other entities found to be qualified by the President;

"(2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or

"(3) private enterprise support of self-help measures and projects."

"(c) An agreement entered into under this section shall specify the terms and conditions under which the foreign currency shall be used and subsequently repaid, including the following terms and conditions:

"(1) A financial intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section."

"(2)(A) A financial intermediary shall repay a loan made under this section, plus accrued interest, at such times and in such manner as will permit conversion of such foreign currency to dollars in accordance with the schedule for such conversion."

"(B) A financial intermediary may repay a loan made under this section prior to the repayment date specified in such agreement."

"(3) To be eligible to receive financing from a financial intermediary under this section, an entity or venture must—

"(A) be owned, directly or indirectly, by citizens of the developing country or any other country eligible to participate in a sales agreement entered into under this title, except that up to 49 percent of such ownership interest may be held by citizens of the United States; and

"(B) not be owned or controlled, in whole or in part, by the government or any governmental subdivision of the developing country.

"(4)(A) The rate of interest charged on funds loaned to a financial intermediary under this section shall be such rate as is determined by the President and the intermediary.

"(B) In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary, the President may charge a lower rate of interest on funds loaned to such intermediary under this section than is charged to other types of intermediaries or make a grant from currencies received from sales made under section 101(a)(3) of this Act to defray the startup costs of becoming a financial intermediary.

"(5) No currency made available under this section may be used to promote the production of agricultural commodities or the products thereof that will compete, as determined by the President, in world markets with similar agricultural commodities or the products thereof produced in the United States.

"(6) The President may not require a developing country to guarantee the repayment of a loan made to a financial intermediary under this section as a condition of receipt of such loan.

"(7) A financial intermediary shall take such steps as may be necessary to publicize in the developing country the availability of loan funds under this section.

"(d)(1) All currencies repaid by financial intermediaries under agreements entered into under this section shall be deposited and accounted for in accordance with section 105.

"(2) Currencies repaid by financial intermediaries shall, as determined by the President—

"(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

"(B) be used for the development of new markets for United States agricultural commodities;

"(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

"(D) be converted to dollars.

"(3) Section 1306 of title 31, United States Code, shall apply to currencies used for the purpose specified in paragraph (2)(C).

"(e)(1) Any agreement entered into under this section and section 106(b)(4) shall be subject to periodic audit to determine whether the terms and conditions of the agreement are being fulfilled.

"(2) Not later than 180 days after the end of each fiscal year, the President shall report to the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate on the activities carried out under this section and section 106(b)(4) during the preceding fiscal year, including an evaluation of the impact of investment under this

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section and section 106(b)(4) on the development of agricultural-related private enterprise in each participating country.

"(f) The President may provide agricultural technical assistance to further the purposes of this section, including the funding of market development activities. To the maximum extent practicable, the President shall use at least 5 percent of the foreign currencies obtained for use under this section from sales of agricultural commodities made under agreements entered into under this title after the date of enactment of the Food Security Act of 1985 to carry out such assistance."

"(g) For each of the fiscal years 1986 through 1990, and in accordance with the provisions of section 106(b)(4) and this section, the President is encouraged to channel foreign currencies, in an amount equivalent to 25 percent of the value of sales agreements under this title, for loans for private enterprise investment provided there are appropriate proposals for such an amount of foreign currencies.

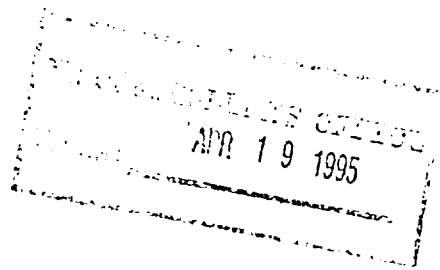
"(h) The provisions of this section apply notwithstanding any other provision of law.

"(i) As used in this section and in section 106(b)(4)—

"(1) the term 'developing country' means a country that is eligible to participate in a sales agreement entered into under this title; and

"(2) the term 'financial intermediary' means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the President, that has the capability of making and servicing a loan in accordance with this section."

APPENDIX C



QUARTERLY MEMORANDUM

AS OF MARCH 31, 1995

USAID DOMINICAN REPUBLIC

PL-480 SECTION 108

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QUARTERLY MEMORANDUM

DOMINICAN REPUBLIC PL-480 SECTION 108 PROGRAM AS OF 3/31/95

Background:



Pursuant to Section 108 of the Agricultural Trade and Development Act of 1954, which is known as PL-480, on February 14, 1990, The Government of The United States of America ("USG"), acting through the U.S.A.I.D. Mission in the Dominican Republic, entered into a Loan Agreement ("Agreement") under which it lent a total of RD\$156,122,036.95 to six commercial banks ("Participating Banks") operating in the Dominican Republic. These funds represented 95% of the amount received by the USG, plus accumulated interest, in payment for exports of U.S. agricultural commodities shipped to the D.R. under the April 29, 1988, PL-480 Agreement between the USG and the Government of the Dominican Republic. Disbursement of the loan from AID to the Participating Banks took place in two tranches, the first, for RD\$138,071,991.15, on July 24, 1990, and the second, for RD\$18,050,045.80, on February 15, 1991.

This loan was contracted on a fixed-term basis, with final maturity occurring almost 10 years after the signing date, on December 31, 1999. Principal repayments were scheduled to begin on 12/31/92, after a grace period of nearly two years. Repayment was scheduled in the form of 15 approximately equal, consecutive, semiannual payments of RD\$9.6 Million.

At the time this Agreement was signed, the Dominican Republic was facing severe economic difficulties in making hard currency payments for its priority imports of U.S. agricultural commodities. Simultaneously, the D.R. financial markets were suffering from extremely tight liquidity, resulting in a scarcity of loanable funds to finance productive private sector investment. This program addressed both of these needs of the host country with minimal administrative costs, and has, since disbursement, produced an attractive positive return on the USG funds employed.

Development Aspects

Section 108 funds may be used to finance productive, private enterprise investment within the Dominican Republic, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, or by other entities within the Dominican Republic which have been approved by the U.S.G., as well as private enterprise facilities for aiding the utilization, distribution and consumption of United States agricultural commodities. Preference should be given by the Banks to financing activities related to agriculture.



From December 1994, to March 1995, the number of Sub-borrowers under this program increased from 65 to 69 final beneficiaries located in various regions of the Dominican Republic. A sampling of the types of activities being developed is provided below:

- Rice cultivation
- Cattle Raising
- Bean cultivation
- (Rice, beans and beef are the traditional staples of the Dominican diet)
- Chicken farms and cooperatives
- Manufacturer of sacks for agricultural products
- Fertilizer production
- Edible oil production
- Pork production
- Tropical fruit processing.
- Rural solar electrification

The Section 108 program is one of the only remaining sources of long term financing at relatively stable interest rates for these types of activities in the country. These activities are of fundamental importance to the well-being of the Dominican population.

Determination of Interest Rates

The applicable interest rate for the quarter from 12/31/94 to 3/31/95 was 17.8% per annum. The Participating Banks have formally advised us that the new rate to be paid to the USG for the quarter from 1/1/95 to 3/31/95 will be 17.2% per annum, which is the average of the published rates for large deposits at the Participating Banks. These rates are representative for the periods in question.

SIB 4/1/95 to 6/30/95

Monitoring of Payments

Payments are received by AID under this program twice a year. The most recent scheduled payment composed of RD\$7,902,936.71 of interest, and RD\$ 9,371,071.18 of principal, was received on January 3, 1995, on a timely basis and in a complete manner. The Controller's Office deposited the funds to the correct account on that same day, and sent the required cable to AID Washington to report receipt and deposit.

Attachment C-1 shows the Historical Interest Payments received under this program.

Attachment C-2 shows the Historical Principal Payments received under this Program.



Projections of Future Reflows

AID should receive RD\$9,371,071.18 of Principal Reflows on 6/30/95, as is shown in Attachment E-1. Given the interest rate of 17.8% for the quarter ended 3/31/95, and 17.2% for the quarter ending 6/30/95, AID would receive RD\$8,244,460.18 of Interest Reflows on 6/30/95. OK

The total local currency reflow which should be received by AID on 6/30/95 from this program is RD\$17,615,531.36 (US\$1,355,040.87 at an exchange rate of RD\$13.00 = US\$1.00).

Financial Statements

From 1990 through 1993 the Mission had not been obtaining the financial statements of the Participating Banks. During 1994, all of the pending financial statements for the intervening years were obtained. TIO management is in the process of requesting the audited fiscal 1994 statements from the Banks at this time.

Files

It is of key importance to conserve in proper and complete condition the original documents evidencing this loan, since they are the legal basis of this U.S. Government asset valued at over US\$7 Million. If the USG were ever required to enter into legal proceedings in regard to the participations of one or more Banks, an eventuality which must be considered quite possible between now and the Program's termination in the year 2000, these documents would be absolutely necessary.

It is also important to maintain in complete and organized files all of the reports, correspondence, analyses, etc. regarding the Program.

The documentation for this Program was gathered together, reviewed, organized, and filed in 1994, and is being maintained on a regular basis now.

QUARTERLY SUBLOAN SCHEDULES AND REPORTS

The Participating Banks are required to submit to USAID a Quarterly Subloan Schedule, and Qualifying Subloan Reports for any new loans. In regard to funds utilization, it is important to the nature of the program that the Participating Banks maintain as high a proportion as possible of the funds which they have available effectively disbursed to eligible borrowers. Of course it must be recognized that various factors may combine to lower a given bank's funds utilization ratio: subborrowers may repay principal, demand for loans for Eligible Activities may be low at certain times, some subborrowers may require considerable time for evaluation and analysis, etc. The following standards are used as a yardstick when considering the issue of funds utilization for this program:

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FUNDS UTILIZATION RATINGS:

PERCENTAGE	RATING
93% - 100%	Superior
85% - 92%	Excellent
78% - 84%	Acceptable
70% - 77%	Marginal
Under 70%	Substandard

REVIEW BY PARTICIPATING BANK

Citibank, N.A.

Loan Amount: \$9,144,615.38

Citibank has a funds utilization ratio of 74% (**Marginal**) as of 3/31/95, due in large part to the repayment of RD\$1.5 Million by the final beneficiaries towards the end of 1994. During 1994, the T.I.O. suggested that they lend to a project identified by AID as desirable in the rural solar energy field called ADESOL. Although that loan was arranged and disbursed before the end of 1994, since then Citibank has been noticeably slower than the other Participating Banks in employing the funds channeled through it to qualifying final beneficiaries.

Banco Popular Dominicano

Loan Amount: \$19,515,254.62

Banco Popular achieved a **Superior** ratio of funds utilization of 104% as of 3/31/95. This is a remarkable improvement, considering that at the time of our first portfolio review as of September, 1993, this Bank had a funds utilization ratio of only 24%. This means that some RD\$19 Million of funds have reached final beneficiaries since that time.

Banco del Comercio

Loan Amount: \$19,515,247.90

Banco del Comercio's funds utilization ratio improved since last quarter from 90% to a **Superior** level of 100%. Comercio has a diversified portfolio of loans to 18 different projects engaged in poultry farming, pork production, fertilizers, and other eligible activities. Comercio has been the subject of some concern regarding its financial condition, and warrants our continued close attention.



Banco Nacional de Credito

Loan Amount: \$32,525,424.27

Bancrédito's funds utilization ratio as of 3/31/95 was **Excellent at 88%**. This level of utilization is particularly important, since Bancrédito is by far the program's largest participant, having absorbed the participation of Chase Manhattan in December of 1991. As of our original review of this program dated as of 9/30/93, Bancrédito had a totally unsatisfactory funds utilization ratio of only 57%. The increased follow-up efforts undertaken by the Mission have resulted in a total of 8 new rural agricultural projects made possible over the last year through this bank alone, with a net increase of nearly \$17 Million Pesos of funds disbursed for eligible activities.

Banco Dominicano del Progreso

Loan Amount: \$13,010,169.76

Banco Dominicano del Progreso has steadily improved its utilization ratio from 75% as of 9/30/94, to 82% last quarter, and on up to a **Superior ratio of 95%** as of 3/31/95. Because of the low ratios registered last year, we have devoted special attention to this case since 10/1/94. We requested that Banco Dominicano del Progreso produce a development impact study for their participation in the program, which they turned in on November 29, 1994. This report showed job creation of 1,643 positions corresponding to this bank's portion of the PL-480, Section 108 program, with 12 projects financed in cattle raising, 11 in agriculture, 3 in industry, and 3 in other sectors. The impact of the program through this particular bank was felt in La Vega, San Juan de la Maguana, Puerto Plata, Monte Cristi, Jarabacoa, Cotuí, Santo Domingo, Santiago and Moca. Banco del Progreso on-lent to 27 different beneficiaries, and helped put 24,223 "tarefas" of land to work producing basic food crops for the Dominican diet.

Overall Funds Utilization

This key measure of the Program's efficiency has improved dramatically since regular follow-up measures were instituted by the Trade and Investment Office in May of 1994. The Total Utilization Ratio stood at a nearly Substandard level of 70% a year ago as of 3/31/94. The **3/31/95 Ratio is 94% (Superior)**. This improvement is a very favorable development for the Section 108 program.

Bank Visits

Each of the Participating Banks was visited on a monthly basis, and the officers responsible for the Program were interviewed, to follow up on the subloan portfolios, interest rates, exchange rates, creditworthiness, audits, etc. A Monthly Memorandum was submitted and is on file for each period.



Conclusions:

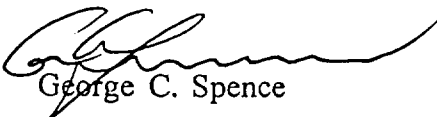
The Dominican Republic PL-480 Section 108 Program is meeting the program objectives as of 3/31/95. The prior weaknesses in regard to the administration and follow-up of this program have been corrected. The Funds Utilization Ratio is up from 70% to a Superior level of 94%. All payments are being received by AID complete and on a timely basis, and are being properly accounted for.

From a development point of view, this program is contributing to the success of a large, diverse group of projects which help provide vital components of the daily diet of the poor and disadvantaged sectors of Dominican society.

Recommendations:

In view of the relatively large amounts of funds involved, the tendency of the Banks to use the Funds for other purposes when they are not closely supervised, and the volatility of the D.R. banking system (seven D.R. banks have been closed in recent years, with the most recent bank closure occurring as recently as 12/22/94), follow up activities should be continued in order to assure ongoing compliance, and to protect the USG's interests.

The D.R. Mission will continue to receive very substantial local currency reflows generated by this program every six months (approximately US\$ 1.3 Million will be generated on 6/30/94). It is recommended that these reflows be used in order to finance additional productive, private enterprise investment in a manner consistent with the USAID Action Plan and the requirements of Section 108.



George C. Spence

Trade and Investment Office
Dominican Republic
April 12, 1995

This Memorandum is prepared further to:
P.O. 517-0000-0-00-4112-00.

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ATTACHMENT C-1
HISTORICAL INTEREST PAYMENTS UNDER PL-480
ALL AMOUNTS IN RD\$

31-Mar-95

DATE	INTEREST RATE	PERIOD	NUMBER OF DAYS	AMOUNT DUE	AMOUNT RECEIVED	DATE RECEIVED	DEPOSITED ACCOUNT 20 FT 686 ?	PAYMENT PROCESSED ON TIME ?
12/31/90	25.00%	semi-annual	161	\$15,437,215.68	\$15,437,215.68	12/31/90	YES	YES
7/1/91	30.00%	semi-annual	181	\$22,871,530.54	\$22,871,530.54	7/1/91	YES	YES
1/2/92	30.00%	semi-annual	184	\$22,703,236.89	\$22,703,236.89	1/2/92	YES	YES
7/1/92	14.00%	semi-annual	182	\$10,158,674.64	\$10,158,674.64	7/1/92	YES	1 Day Late
1/4/93	14.00%	quarter	92	\$10,710,464.52	\$10,710,464.52	1/4/93	YES	YES
	15.20%	quarter	92					
7/2/93	16.00%	quarter	90	\$10,629,803.84	\$10,629,803.84	7/2/93	YES	2 Days Late
	15.20%	quarter	91					
12/31/93	13.60%	quarter	92	\$7,969,991.93	\$7,969,991.93	1/4/94	YES	1 Day Late
	12.00%	quarter	92					
7/1/94	10.00%	quarter	90	\$5,824,433.11	\$5,824,433.13	7/1/94	YES	YES
	10.60%	quarter	91					
1/3/95	14.00%	quarter	92	\$7,902,936.71	\$7,902,936.71	1/3/95	YES	YES
	16.00%	quarter	92					

Loan 517-R-067, PL480, Section 108. Each and every payment was reviewed to test conformity with the AID Accounting and Reporting Requirements as per STATE 083594 dated 20 march 1987. Copies of each check received were examined and matched with copies of the corresponding General Receipt issued by the U.S. Embassy in Santo Domingo. The account credited on each receipt was checked against the approved procedure and found correct. All funds were deposited to account No. 20 FT 636 "Collections of Principal & Interest on Loans to Intermediate Financial Institutions, P.L. 83-480, Section 108. The Mission Controller Complied with the requirement to send a telegram advice to M/FM/LMD upon receipt of funds.

All interest payments were received complete, in a timely manner, and were correctly accounted for and reported.

ATTACHMENT C-2

3/31/95

HISTORICAL PRINCIPAL PAYMENTS UNDER PL-480, SECTION 108
ALL AMOUNTS IN RD\$ (PAGE 1 OF 2)

	Citibank	Comercio	Popular	Progreso	Bancrédito	PROGRAM TOTAL
Total Disbursed	\$29,272,881.94	\$29,272,881.94	\$29,272,881.92	\$19,515,254.61	\$48,788,136.54	\$156,122,036.95 \$156,122,036.95
8/15/91						
1st prepayment	\$9,802,881.86					\$9,802,881.86
Balance:	\$19,470,000.08					\$146,319,155.09
11/19/91						
2nd prepayment	\$2,789,999.98					\$2,789,999.98
Balance:	\$16,680,000.10					\$143,529,155.11
1/4/93						
1st sch. payment	\$1,112,000.00	\$1,951,534.88	\$1,951,525.46	\$1,301,016.97	\$3,252,542.55	\$9,568,619.86
Balance:	\$15,568,000.10	\$27,321,347.06	\$27,321,356.46	\$18,214,237.64	\$45,535,593.99	\$133,960,535.25
6/21/93						
3rd prepayment	\$2,568,000.10					\$2,568,000.10
Balance:	\$13,000,000.00					\$131,392,535.15
7/2/93						
2nd sch. payment	\$1,112,000.00	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,568,609.65
Balance:	\$11,888,000.00	\$25,369,822.27	\$25,369,831.00	\$16,913,220.67	\$42,283,051.56	\$121,823,925.50
1/4/94						
3rd sch. payment	\$914,461.56	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.21
Balance:	\$10,973,538.44	\$23,418,297.48	\$23,418,305.54	\$15,612,203.70	\$39,030,509.13	\$112,452,854.29

ATTACHMENT C-2
HISTORICAL PRINCIPAL PAYMENTS UNDER PL-480, SECTION 108
ALL AMOUNTS IN RD\$ (PAGE 2 OF 2)

3/31/95

		<i>Comercio</i>	<i>Popular</i>		<i>Comercio</i>	
7/1/94						
4th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$10,059,076.91	\$21,466,772.69	\$21,466,780.08	\$14,311,186.73	\$35,777,966.70	\$103,081,783.11
12/31/94						
4th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$9,144,615.38	\$19,515,247.90	\$19,515,254.62	\$13,010,169.76	\$32,525,424.27	\$93,710,711.93

COMMENTS:

Loan 517-R-067, PL480, Section 108. Each and every payment was reviewed to test conformity with the AID Accounting and Reporting Requirements as per STATE 083594 dated 20 march 1987. Copies of each check received were examined and matched with copies of the corresponding General Receipt issued by the U.S. Embassy in Santo Domingo. The account credited on each receipt was checked against the approved procedure and found correct. All funds were deposited to account No. 20 FT 636 "Collections of Principal & Interest on Loans to Intermediate Financial Institutions, P.L. 83-480, Section 108". The Mission Controller Complied with the requirement to send a telegram advice to M/FM/LMD upon receipt of funds.

All principal payments were received complete, in a timely manner, and were correctly accounted for and reported.

ATTACHMENT D-1
ANALYSIS OF SUBLOAN PORTFOLIO COMPLIANCE
DOMINICAN REPUBLIC PL-480, SECTION 108 AGREEMENT
AS OF MARCH 31, 1995

April/11/1995

NAME	NEW/ INCR. LOAN	AMOUNT RD\$	PRIVATE SECTOR	RD\$6MM OR LESS	TERM OF 3 YEARS OR MORE	PRODUCTIVE PRIV. SECTOR INVESTMENT	UTILIZATION U.S. AG. PROD.	AGRICULTURE RELATED	PROMOTES COMPETING AG. EXPORTS
April/11/1995									
Banco Nacional de Crédito									
Industrial Macorisana, C.xA.	decrease	\$1,666,666.64	yes	yes	yes	yes	no	yes	no
Avicola Almibar, S.A.		\$5,515,254.62	yes	yes	yes	yes	yes	yes	no
Arturo Bisonó Toribio		\$6,000,000.00	yes	yes	yes	yes	no	yes	no
Arrocera Duarte, C. por A.		\$6,000,000.00	yes	yes	yes	yes	no	yes	no
Prod. Agrícola Zarzuela Hermanos		\$1,155,895.00	yes	yes	yes	yes	no	yes	no
Jorge de la Cruz Gomez Luciano		\$2,000,000.00	yes	yes	yes	yes	yes	yes	no
Ernesto de Jesus		\$900,000.00	yes	yes	yes	yes	no	yes	no
Procesadora de Arroz Juna CxA	increase	\$1,500,000.00	yes	yes	yes	yes	no	yes	no
Factoría Villa La Mata		\$1,000,000.00	yes	yes	yes	yes	no	yes	no
Factoría de Arroz Estevez Rondon		\$2,000,000.00	yes	yes	yes	yes	no	yes	no
Cornelio Guerrero Avila		\$1,000,000.00	Yes	yes	yes	yes	no	yes	no
Total Funds employed:		\$28,737,816.26							
Total Funds Borrowed:		\$32,525,424.27							
Are all funds employed?		no							
Underutilized Amount:		\$3,787,608.01							
Percentage underutilized:		12%							
Percentage utilized:		88%							
April/11/1995									
Citibank									
Sacos Agroindustriales		\$3,000,000.00	yes	yes	yes	yes	no	yes	no
Ferquido, S.A.		\$3,500,000.00	yes	yes	yes	yes	yes	yes	no
Asoc.Desarrollo Energía Solar	decrease	\$300,000.00		Qualified Subloan Report pending					
Total Funds employed:		\$6,800,000.00							
Total Funds Borrowed:		\$9,144,615.38							
Are all funds employed?		no							
Underutilized Amount:		\$2,344,615.38							
Percentage underutilized:		26%							
Percentage underutilized:		74%							

April/11/1995

Banco del Progreso, S.A.

Fumica Agroindustrial	decrease	\$1,250,000.00	yes	yes	yes	yes	no	yes	no
Miguel de Moya	decrease	\$2,350,000.00	yes	yes	yes	yes	no	yes	no
Fabio Antonio José Paulino	decrease	\$175,000.00	yes	yes	yes	yes	no	yes	no
Luis Arturo Gomez		\$600,000.00	yes	yes	yes	yes	no	yes	no
Teófilo Monegro	decrease	\$250,000.00	yes	yes	no	yes	no	yes	no
Fumica Agroindustrial	decrease	\$499,960.00	yes	yes	yes	yes	no	yes	no
Bartolome Gamundi	repaid								
Francisco Delgado	decrease	\$198,500.00	yes	yes	yes	yes	no	yes	no
Productos Metalicos, CxA		\$333,330.00	yes	yes	yes	yes	no	no	no
Paredes Dominicana	decrease	\$999,990.00	yes	yes	yes	yes	no	no	no
José Damian Paniagua	decrease	\$8,760.00	yes	yes	yes	yes	no	yes	no
Liberato Rodriguez	decrease	\$16,130.00	yes	yes	yes	yes	no	yes	no
Pascual y José Valenzuela	decrease	\$5,580.00	yes	yes	yes	yes	no	no	no
Luis Emilio Sanchez	decrease	\$2,380.00	yes	yes	yes	yes	no	yes	no
Molinos Moronta	decrease	\$800,000.00	yes	yes	yes	yes	no	yes	no
Miguel Martinez	decrease	\$6,290.00	yes	yes	no	yes	no	yes	no
Manuel Roa	decrease	\$4,840.00	yes	yes	no	yes	no	yes	no
Ursino Bueno		\$17,140.00	yes	yes	no	yes	no	yes	no
Mónica P. de Almánzar		\$250,000.00	yes	yes	yes	yes	no	no	no
Lourdes Morales Vda. Gómez		\$375,000.00	yes	yes	yes	yes	no	yes	no
José Rafael Reynoso		\$250,000.00	yes	yes	yes	yes	no	yes	no
C. Durán & Manuf. del Valle, CxA		\$3,000,000.00	yes	yes	yes	yes	no	no	no
Rafael De los Santos Lagrange	New	\$200,000.00	yes	yes	yes	yes	no	no	no
Carlos Cruz Dominguez	New	\$600,000.00	Qualified Subloan Report pending						
Pascual & José Valenzuela	New	\$125,000.00	yes	yes	yes	yes	no	no	no
Total Funds employed:		\$12,317,900.00							
Total Funds Borrowed:		\$13,010,169.76							
Are all funds employed?		no							
Underutilized Amount:		\$692,269.76							
Percentage underutilized:		5%							
Percentage utilized:		95%							

April/11/1995

Banco Popular

Avícola Almibar, S.A.		\$3,194,200.00	yes	yes	yes	yes	yes	yes	no
Camelia Agroindustrial, S.A.		\$634,800.00	yes	yes	yes	yes	no	yes	no
Bon Agroindustrial, S.A.	repaid								
Avícola Almibar, C. por A.		\$2,200,000.00	yes	yes	yes	yes	yes	yes	no
San Rafael Industrial		\$3,500,000.00	yes	yes	yes	yes	no	yes	no
San Rafael Industrial		\$1,350,000.00	yes	yes	yes	yes	no	yes	no
Pollos Veganos	repaid								
Agroindustrial Wilse C. por A.		\$3,000,000.00	yes	yes	yes	yes	no	yes	no
Industrias Lavador, C. por A.		\$6,000,000.00	yes	yes	yes	yes	yes	yes	no
Agroindustrial Wilse, C. por A.		\$500,000.00	yes	yes	yes	yes	no	yes	no
Total Funds employed:		\$20,379,000.00							
Total Funds Borrowed:		\$19,515,254.62							
Are all funds employed?		yes							
Underutilized Amount:		(\$863,745.38)							
Percentage underutilized:		-4%							
Percentage utilized:		104%							

April/11/1995

Banco del Comercio Dom., S.A.								
Casa Velasquez	\$141,667.00	yes	yes	yes	yes	no	yes	no
Cooperativa Avicola Nacional, S.A.	\$1,000,000.00	yes	yes	yes	yes	yes	yes	no
Fertilizantes Quimicos Dom. S.A.	\$4,000,000.00	yes	yes	yes	yes	no	yes	no
Dr. José F. Lopez	\$38,500.00	yes	yes	yes	yes	no	yes	no
José Joaquin Crespo	\$794,167.00	yes	yes	yes	yes	no	yes	no
Pascual Santoni y Sucs., C. x A.	\$325,000.00	yes	yes	yes	yes	no	yes	no
Valentín Cedeño Gomez, C. xA.	\$419,040.00	yes	yes	yes	yes	no	yes	no
Valentín Cedeño Gomez, C. xA.	\$187,920.00	yes	yes	yes	yes	no	yes	no
Américo Rodriguez	\$228,571.00	yes	yes	yes	yes	no	yes	no
Asoc. Porcicultores Licey al Med.	\$576,457.00	yes	yes	yes	yes	no	yes	no
Agoind. Delgado y Asoc.	\$1,200,000.00	yes	yes	yes	yes	yes	yes	no
Pollos Veganos, S.A.	\$1,090,909.00	yes	yes	yes	yes	yes	yes	no
Pascual Santoni y Sucs., C. x A.	\$545,455.00	yes	yes	yes	yes	no	yes	no
Angel Hernandez Cruz	\$204,989.00	yes	yes	yes	yes	no	yes	no
Avicola Almibar, S.A.	\$3,600,000.00	yes	yes	yes	yes	yes	yes	no
Francisco Oliverio Espaillat	\$660,000.00	yes	yes	yes	yes	no	yes	no
José Espaillat Bencosme	\$918,843.00	yes	yes	yes	yes	no	yes	no
Ja Ja Agroindustrial S.A.	\$1,538,462.00	yes	yes	yes	yes	no	yes	no
Alberto Emilio Disla	\$742,224.00	yes	yes	yes	yes	no	yes	no
Radsa Agroindustrial, S.A.	New \$1,300,000.00	Qualified Subloan Report Pending						

Total Funds employed: \$19,512,204.00
 Total Funds Borrowed: \$19,515,247.90
 Are all funds employed? no
 Underutilized Amount: \$3,043.90
 Percentage underutilized: 0%
 Percentage utilized: 100%

April/11/1995

Summary Totals For Program:

Total Funds employed: \$87,746,920.26
 Total Funds Borrowed: \$93,710,711.93
 Are all funds employed? no
 Underutilized Amount: \$5,963,791.67
 Percentage underutilized: 6%
 Percentage utilized: 94%

ATTACHMENT E-1

Mar/31/1995

PROJECTED PRINCIPAL PAYMENTS UNDER PL-480, SECTION 108
ALL AMOUNTS IN RD\$ (PAGE 1 OF 1)

	Citibank	Comercio	Popular	Progreso	Bancrédito	PROGRAM TOTAL
Balance:	\$9,144,615.38	\$19,515,247.90	\$19,515,254.62	\$13,010,169.76	\$32,525,424.27	\$93,710,711.93 ✓
6/30/95						
6th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$8,230,153.85	\$17,563,723.11	\$17,563,729.16	\$11,709,152.79	\$29,272,881.84	\$84,339,640.75
12/31/95						
7th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$7,315,692.32	\$15,612,198.32	\$15,612,203.70	\$10,408,135.82	\$26,020,339.41	\$74,968,569.57
6/30/96						
8th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$6,401,230.79	\$13,660,673.53	\$13,660,678.24	\$9,107,118.85	\$22,767,796.98	\$65,597,498.39
12/31/96						
9th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$5,486,769.26	\$11,709,148.74	\$11,709,152.78	\$7,806,101.88	\$19,515,254.55	\$56,226,427.21
6/30/97						
10th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$4,572,307.73	\$9,757,623.95	\$9,757,627.32	\$6,505,084.91	\$16,262,712.12	\$46,855,356.03
12/31/97						
11th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$3,657,846.20	\$7,806,099.16	\$7,806,101.86	\$5,204,067.94	\$13,010,169.69	\$37,484,284.85
6/30/98						
12th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$2,743,384.67	\$5,854,574.37	\$5,854,576.40	\$3,903,050.97	\$9,757,627.26	\$28,113,213.67
12/31/98						
13th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$1,828,923.14	\$3,903,049.58	\$3,903,050.94	\$2,602,034.00	\$6,505,084.83	\$18,742,142.49
6/30/99						
14th sch. payment	\$914,461.53	\$1,951,524.79	\$1,951,525.46	\$1,301,016.97	\$3,252,542.43	\$9,371,071.18
Balance:	\$914,461.61	\$1,951,524.79	\$1,951,525.48	\$1,301,017.03	\$3,252,542.40	\$9,371,071.31
12/31/99						
15th sch. payment	\$914,461.56	\$1,951,524.79	\$1,951,525.48	\$1,301,017.03	\$3,252,542.40	\$9,371,071.26
Balance:	\$0.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.05

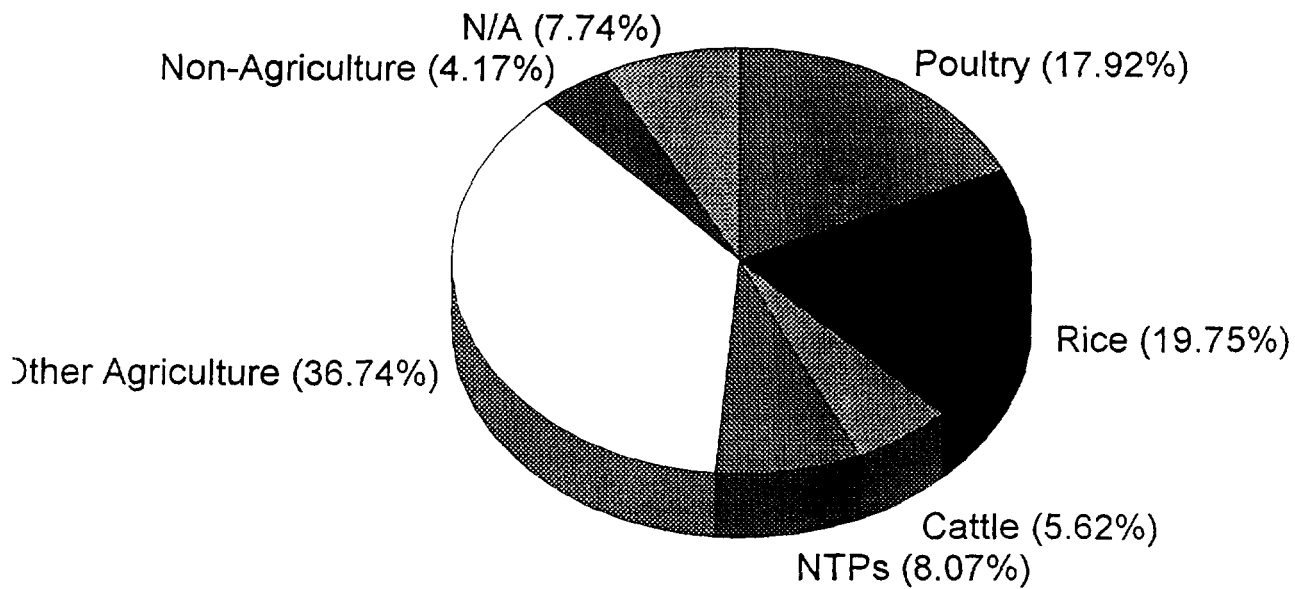
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APPENDIX D

EXHIBIT 1

Distribution of Sub-Loans by Economic Activity

Value of Sub-Loans Made Under Section 108 Program (DR\$Millions)



*Non-Traditional Agricultural Products (NTPs) consist of avocados, bananas, mangoes, pineapples and other miscellaneous fruits, juices and vegetables.

EXHIBIT 2
DISTRIBUTION of SUB-LOANS BY ECONOMIC ACTIVITY

ACTIVITY	No. of Loans	RD\$ Value
Rice	24	\$54,223,469
Poultry	15	\$49,185,455
Cattle	19	\$15,433,400
Soap	2	\$12,000,000
Beer	3	\$12,272,882
Agrochemicals/Fertilizers	3	\$14,000,000
Non-Traditional Ag. Products*	10	\$22,147,893
Beans	3	\$3,200,000
Pork	1	\$1,537,218
Tobacco	2	\$9,000,000
Vinegar	1	\$850,000
Feed Grain	1	\$2,000,000
Ethyl Alcohol	2	\$8,000,000
Meat Processing	3	\$12,000,000
Leather	2	\$12,000,000
Catering	1	\$250,000
Clothing/Shoes	2	\$5,000,000
Ice Cream	1	\$3,000,000
Ag. Containers	1	\$6,000,000
Cereal	1	\$2,000,000
Printing	2	\$185,000
Soft Drinks	1	\$6,000,000
Irrigation Equipment	1	\$3,000,000
N/A	7	\$21,250,000
Total:	108	\$274,535,317

*Non-Traditional Ag. Products (NTPs) consist of avocados, bananas, mangoes, pineapples and other misc. fruits, juices and vegetables.

EXHIBIT 3

Purpose of Sub-Loans Made Under Section 108 Program

No. of Sub-Loans

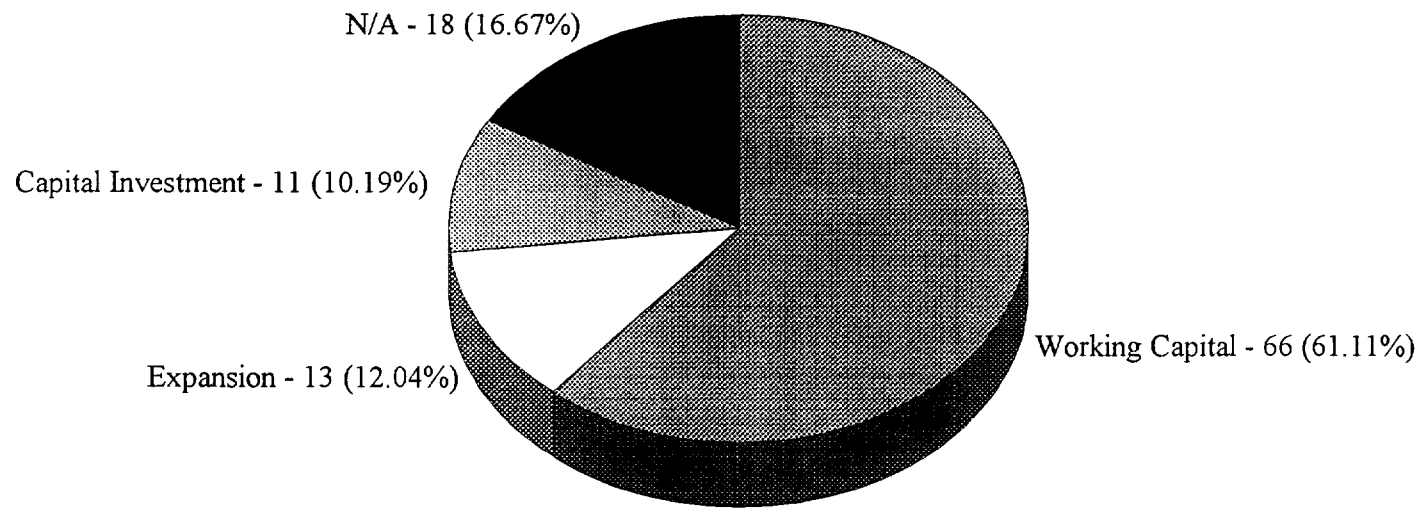


EXHIBIT 4
ANALYSIS OF SUB-LOAN PORTFOLIO BY BANK
Dominican Republic PL-480,
Title 1, Section 108 Program
As of March 31, 1995

Breakdown by Bank	Average Subloan Size (RD\$)	Average Total Employees of Sub-Borrower	Average Women Employees of Sub-Borrower	Average Assets of Sub-Borrowers (RD\$)	Average Projected Increase in Sales of Sub-Borrower
Bancredito	\$3,599,484	234	33	\$81,479,726	37%
Citibank	\$4,920,000	411	28	\$137,525,000	174%
Banco Progreso	\$1,183,118	33	9	\$6,745,302	25%
Banco Popular	\$3,859,300	236	87	\$115,210,476	65%
Bancomercio	\$1,788,555	158	46	\$32,659,534	36%
Total Portfolio (All Banks)	\$2,541,994	183	40	\$60,055,510	48%

EXHIBIT 4
SUB-LOAN PORTFOLIO (BY BANK)
Dominican Republic PL-480,
Title I, Section 108 Program
As of March 31, 1995

	A	B	C	D	E	F	G	H	I	J
	DATE	DATE	ORIGINAL	CURRENT				US.		
	OF	LOAN	AMOUNT	AMOUNT	QUAL.	AG.		PRODUCT	LOC.	OBJECTIVE
NAME	LOAN	DUE	OF LOAN (RDS)	OF LOAN (RDS)	CREDIT	REL?	ACTIVITY	UTILIZATION	R/U	OF LOAN
BANCO NACIONAL DE CREDITO										
Industria Macorisana, C.xA	10/90	11/94	\$5,000,000	\$1,666,667	VG	Y	Alcohol	N	U	W. Capital
Cerveceria Nacional Dominicana CxA	10/90	9/95	\$6,000,000	\$0	E	Y	Beer	Y	U	W. Capital
Aquiles Bermudez CxA	10/90	10/93	\$6,000,000	\$0	VG	Y	Leather	Y	U	W. Capital
Juan Bojos	10/90	10/93	\$6,000,000	\$0	VG	Y	Leather	Y	U	Expansion
Del Carmen Agricola, CxA	10/90	10/93	\$2,100,000	\$0	G	Y	Rice	N	R	W. Capital
Cerveceria Bohemia, CxA	3/91	3/95	\$3,272,882	\$0	E	Y	Beer	Y	U	W. Capital
Molinos Moronta	7/90	7/93	\$2,000,000	\$0	G	Y	Rice	N	R	W. Capital
Font, Gamundi & Co.	7/90	7/93	\$6,000,000	\$0	G	Y	Rice	N	R	W. Capital
Avicola Almibar, S.A.	7/93	11/94	\$5,515,255	\$5,515,255	G	Y	Poultry	Y	R	W. Capital
Fabio Ramon Recio Industrial	10/90	10/93	\$900,000	\$0	G	Y	Cattle	N	R	W. Capital
Arturo Bisoño Toribio, C. por A.	1/92	10/94	\$6,000,000	\$6,000,000	G	Y	Rice	N	U	W. Capital
Induveca Agroindustrial	7/90	3/94	\$6,000,000	\$0	G	Y	Bananas	N	R	W. Capital
Pimentel & Co.	6/91	9/93	\$2,000,000	\$0	G	Y	Rice	N	R	W. Capital
Fab. de Embutidos Induveca		11/93	\$1,000,000	\$0	G	Y	Meat Processing	N	U	W. Capital
Fab. de Embutidos Induveca	4/92	4/95	\$5,000,000	\$0	G	Y	Meat Processing	Y	U	W. Capital
Arrocera Duarte, C. por A.	10/94	10/96	\$6,000,000	\$6,000,000	G	Y	Rice	N	R	W. Capital
Prod. Agricola Zarzuela Hermanos	10/93	12/96	\$2,000,000	\$1,155,895	G	Y	Rice Milling	Y	R	W. Capital
Jorge de la Cruz Gomez Luciano	11/93	12/96	\$2,000,000	\$2,000,000	G	Y	Poultry	Y	R	W. Capital
Ernesto de Jesus	12/93	12/96	\$2,000,000	\$900,000	G	Y	Beans	N	R	W. Capital
Procesadora de Arroz Juna CxA	10/93	10/96	\$2,000,000	\$1,500,000	G	Y	Rice Milling	Y	R	W. Capital
Factoria Villa La Mata	5/94	5/97	\$3,000,000	\$1,000,000	VG	Y	Rice	N	R	W. Capital
Factoria de Arroz Estevez Rondon	5/94	5/97	\$2,000,000	\$2,000,000	G	Y	Rice	N	R	W. Capital
Cornelio Guerrero Avila	5/94	5/97	\$1,000,000	\$1,000,000	G	Y	Cattle	N	R	W. Capital
SUBTOTAL (BANCREDITO):			\$82,788,137	\$28,737,816						

SUB-LOAN PORTFOLIO (BY BANK)

Dominican Republic PL-480,

Title I, Section 108 Program

As of March 31, 1995

	K	L	M	N	O	P	Q	R	S
	EMPLOYMENT		PROJECTED INCREASE		INCREASE IN EMPLOYMENT		SIZE OF FIRM	PROJECTED	ACTUAL
	BEFORE LOAN		IN EMPLOYMENT		ATTRIBUTABLE TO LOAN		TOTAL ASSETS	INCREASE	INCREASE
NAME	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN	IN RD\$	IN SALES	IN SALES
BANCO NACIONAL DE CREDITO									
Industria Macorisana, C.xA	26	2	10	1			\$12,065,000	65%	
Cerveceria Nacional Dominicana CxA	2137	0	43	0			\$532,856,000	5%	
Aquiles Bermudez CxA	200	18	10	1			\$49,609,838	10%	
Juan Bojos	124	4	30	2			\$10,000,000	20%	
Del Carmen Agricola, CxA	55	1	0	0			\$2,100,000	25%	
Cerveceria Bohemia, CxA	N/A	N/A	N/A	N/A			\$145,835,586	N/A	
Molinos Moronta	60	2	70	2			\$3,836,000	0%	
Font, Gamundi & Co.	60	8	60	8			\$48,400,000	50%	
Avicola Almibar, S.A.	973	526	90	50	327		\$570,053,000	18%	30%
Fabio Ramon Recio Industrial	N/A	N/A	2	0			N/A	N/A	
Arturo Bisono Toribio, C. por A.	115	6	13	0			\$24,294,000	68%	
Induveca Agroindustrial	120	0	60	0			\$10,232,000	198%	
Pimentel & Co.	68	5	14	0			\$27,703,335	30%	
Fab. de Embutidos Induveca	370	50					\$121,393,335		
Fab. de Embutidos Induveca	370	50	450	50			\$121,393,000	30%	
Arrocera Duarte, C. por A.	75	15	0	0			\$9,130,000	44%	
Prod. Agricola Zarzuela Hermanos	25	3	0	0			\$9,456,887	30%	
Jorge de la Cruz Gomez Luciano	15	0	0	0			\$13,698,000	20%	
Ernesto de Jesus	20	0	0	0			\$19,094,000	6%	
Procesadora de Arroz Juna CxA	70	5	0	0			\$27,820,000	10%	
Factoria Villa La Mata	13	1	3	0			\$11,809,000	50%	
Factoria de Arroz Estevez Rondon	11	2	3	0			\$13,500,000	30%	
Cornelio Guerrero Avila	5	0					\$8,275,000	25%	
SUBTOTAL (BANCCREDITO):	4912	698	858	114	327				

EXHIBIT 4
SUB-LOAN PORTFOLIO (BY BANK)
Dominican Republic PL-480,
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As of March 31, 1995

	A	B	C	D	E	F	G	H	I	J
	DATE	DATE	ORIGINAL	CURRENT	QUAL.	AG.		US.		
	OF	LOAN	AMOUNT	AMOUNT	CREDIT	REL.?		PRODUCT	LOC.	OBJECTIVE
NAME	LOAN	DUE	OF LOAN (RD\$)	OF LOAN (RD\$)			ACTIVITY	UTILIZATION	R/U	OF LOAN
CITIBANK										
Sacos Agroindustriales	10/92	6/96	\$6,000,000	\$3,000,000	G	Y	Containers	N	U	Expansion
Ferquido, S.A.		6/96	\$6,000,000	\$3,500,000	G	Y		Y		
Assoc. Desarrollo Energia Solar			\$6,000,000	\$300,000		Y		Y		
Fertilizantes Quimicos Dominicanos, S.	9/92	6/96	\$6,000,000	\$0		Y	Fertilizers	N	U	Expansion
Ind. Lavador, CXA	9/90	9/93	\$6,000,000	\$0	G	Y	Soap	Y	U	Cap. Investment
La Aurora	10/90	9/93	\$3,000,000	\$0	G	Y	Tobacco	N	U	W. Capital
Agroind. Leon Jimenes	10/90	9/93	\$6,000,000	\$0	G	Y	Tobacco	N	R	W. Capital
Emb. Dominicana, S.A.	8/90	7/93	\$6,000,000	\$0	G	Y	Soft Drinks	N	U	W. Capital
Cerveceria Nac. Dominicana	10/90	9/93	\$3,000,000	\$0	G	Y	Beer	Y	U	W. Capital
Miguel A. Lajara	2/91	2/94	\$1,200,000	\$0	G	Y	Poultry	Y	U	W. Capital
SUBTOTAL (CITIBANK):			\$49,200,000	\$6,800,000						

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SUB-LOAN PORTFOLIO (BY BANK)
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	K	L	M	N	O	P	Q	R	S
	EMPLOYMENT		PROJECTED INCREASE		INCREASE IN EMPLOYMENT		SIZE OF FIRM	PROJECTED	ACTUAL
	BEFORE LOAN		IN EMPLOYMENT		ATTRIBUTABLE TO LOAN		TOTAL ASSETS	INCREASE	INCREASE
NAME	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN	IN RD\$	IN SALES	IN SALES
CITIBANK									
Sacos Agroindustriales Ferquido, S.A.	N/A?		N/A?		N/A?		\$67,000,000	N/A?	
Assoc. Desarrollo Energia Solar									
Fertilizantes Quimicos Dominicanos, S.	N/A?						\$309,000,000	?	
Ind. Lavador, CXA	575	16	4	0			\$148,400,000	0%	
La Aurora	117	48	37	22			\$12,900,000	17%	
Agroind. Leon Jimenes	71	6	206	124			\$86,200,000	25%	
Emb. Dominicana, S.A.	445	17	56	8			\$58,900,000	14%	
Cerveceria Nac. Dominicana	1250	80	80	10			\$415,800,000	25%	
Miguel A. Lajara	5	3	0	0			\$2,000,000	960%	
SUBTOTAL (CITIBANK):	2463	170	383	164					

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As of March 31, 1995

	A	B	C	D	E	F	G	H	I	J
	DATE	DATE	ORIGINAL	CURRENT				US.		
	OF	LOAN	AMOUNT	AMOUNT	QUAL.	AG.		PRODUCT	LOC.	OBJECTIVE
NAME	LOAN	DUE	OF LOAN (RD\$)	OF LOAN (RD\$)	CREDIT	REL?	ACTIVITY	UTILIZATION	R/U	OF LOAN
BANCO DEL PROGRESO										
Fumica Agroindustrial	10/90	6/97	\$3,000,000	\$1,250,000		Y	Irrig. Equipment	Y	R	W. Capital
Juan y Salvador Jimenez	10/90	10/93	\$625,000	\$0		Y	Rice	N	R	W. Capital
Agrocarne, S.A.	1/91	12/94	\$3,000,000	\$0	VG	Y	Cattle	Y	R	Cap. Investment
Miguel de Moya	9/90	6/97	\$4,700,000	\$2,350,000	E	Y	Rice	N	R	W. Capital
Exportadora Japonesa, C. por A.	9/90	8/97	\$4,000,000	\$0	E	Y	Fruits & Vegetabl	Y	R	W. Capital
Fabio Antonio Jose Paulino	10/90	6/95	\$700,000	\$175,000		Y	Rice	N	R	W. Capital
Producciones Agricolas	8/90	8/97	\$4,000,000	\$0	E	Y	Rice	N	R	W. Capital
Luis Arturo Gomez	3/91	12/95	\$300,000	\$0		Y	Cattle	N	R	Cap. Investment
Luis Arturo Gomez	8/94	6/99	\$600,000	\$600,000		Y	Cattle	N	R	W. Capital
Teofilo Monegro	9/91	12/95	\$500,000	\$250,000		Y	Rice	Y	R	W. Capital
Fumico Agroindustrial		12/97	\$1,000,000	\$499,960		Y	Beans	N		
Bartolome Gamundi		12/94	\$500,000	\$0		Y	Rice	N		
Francisco Delgado		6/98	\$345,000	\$198,500		Y	Cattle	N		
Delesmo de la Rosa		12/94	\$500,000	\$0		Y	Rice	N		
Productos Metalicos, CxA		6/95	\$2,000,000	\$333,330		N		N		W. Capital
Gabriel Ramonell		12/94	\$250,000	\$0						
Paredes Dominicana		3/97	\$2,000,000	\$999,990		N	Shoes	N	U	Cap. Investment
Jose Damian Paniagua		5/95	\$17,500	\$8,760		Y	Cattle	N		
Liberato Rodriguez		5/95	\$31,000	\$16,130		Y	Cattle	N		
Pascual y Jose Valenzuela	11/94	3/95	\$60,000	\$5,580		N	Printing	N	U	W. Capital
Luis Emilio Sanchez		5/95	\$12,500	\$2,380		Y	Cattle	N		
Molinos Moronta	2/93	2/96	\$1,600,000	\$800,000	VG	Y	Rice	N	R	W. Capital
Molinos Moronta	1/91	12/93	\$3,000,000	\$0	VG	Y	Rice	N	R	W. Capital
Miguel Martinez	6/93	2/94	\$15,000	\$6,290		Y	Cattle	N	R	Cap. Investment
Manuel Roa Castillo	6/94	2/95	\$15,000	\$4,840		Y	Cattle	N	R	Cap. Investment
Ursino Bueno Almonte	8/93	8/95	\$30,000	\$17,140		Y	Cattle	N	R	Cap. Investment
Monica P. de Almanzar	7/94	6/98	\$250,000	\$250,000		N	Catering	N	U	Expansion
Lourdes Morales Vda Gomez		8/99	\$1,000,000	\$375,000		Y	Cattle	N		
Jose Rafael Reynoso		8/99	\$250,000	\$250,000		Y	Cattle	N		
C. Duran & Manuf. del Valle, CxA	11/94	12/99	\$3,000,000	\$3,000,000		N	Clothing	N	R	W. Capital
Rafael De los Santos Lagrange	12/94	12/97	\$200,000	\$200,000		N	Beans	N	R	W. Capital
Carlos Cruz Dominguez		8/98	\$600,000	\$600,000		Y	Cattle	N	R	
Pascual & Jose Valenzuela		8/98	\$125,000	\$125,000		N	Printing	N		
Industria Chacinera, CxA		6/95	\$2,000,000	\$333,330						W. Capital
BTOTAL(BANCO DEL PROGRESO):			\$40,226,000	\$12,651,230						

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	K	L	M	N	O	P	Q	R	S
	EMPLOYMENT		PROJECTED INCREASE		INCREASE IN EMPLOYMENT		SIZE OF FIRM	PROJECTED	ACTUAL
	BEFORE LOAN		IN EMPLOYMENT		ATTRIBUTABLE TO LOAN		TOTAL ASSETS	INCREASE	INCREASE
NAME	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN	IN RD\$	IN SALES	IN SALES
BANCO DEL PROGRESO									
Fumica Agroindustrial	32	0	0	0			\$3,139,000	20%	
Juan y Salvador Jimenez	N/A	N/A	10	0			\$2,504,500	15%	
Agrocarne, S.A.	30	6	16	7			\$3,836,208	N/A	
Miguel de Moya	120	0	30	30			\$18,882,542	20%	
Exportadora Japonesa, C. por A.	N/A	N/A	170	90			\$16,807,342	100%	
Fabio Antonio Jose Paulino	10	0	0	0			\$2,655,262	15%	
Producciones Agricolas	10	1	18	0			\$26,286,514	22%	
Luis Arturo Gomez	N/A	N/A	4	0			\$3,950,000	17%	
Luis Arturo Gomez	4	0	2	0			\$5,340,000	15%	
Teofilo Monegro	N/A	N/A	30	10			\$4,900,000	100%	
Fumico Agroindustrial									
Bartolome Gamundi									
Francisco Delgado									
Delesmo de la Rosa									
Productos Metalicos, CxA									
Gabriel Ramonell									
Paredes Dominicana									
Jose Damian Paniagua									
Liberato Rodriguez									
Pascual y Jose Valenzuela	3	0	2	0			\$5,680,000	N/A	
Luis Emilio Sanchez									
Molinos Moronta	17	2	0	0			\$11,587,264	20%	
Molinos Moronta	30	6	12	4			\$3,836,208	30%	
Miguel Martinez	3	0	0	0			\$885,000	0%	
Manuel Roa Castillo	2	0	0	0			\$4,050,000	0%	
Ursino Bueno Almonte	2	0	0	0			\$1,842,000	0%	
Monica P. de Almanzar	6	4	0	0			\$1,742,513	10%	
Lourdes Morales Vda Gomez									
Jose Rafael Reynoso									
C. Duran & Manuf. del Valle, CxA	216	158	38	25			\$8,596,391	18%	
Rafael De los Santos Lagrange	6	0	2	0			\$1,640,000	N/A	
Carlos Cruz Dominguez									
Pascual & Jose Valenzuela									
Industria Chacinera, CxA									
BTOTAL(BANCO DEL PROGRESO):	491	177	334	166					

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	A	B	C	D	E	F	G	H	I	J
	DATE	DATE	ORIGINAL	CURRENT	QUAL.	AG.		US.		
NAME	OF	LOAN	AMOUNT	AMOUNT	CREDIT	REL?	ACTIVITY	PRODUCT	LOC.	OBJECTIVE
	LOAN	DUE	OF LOAN (RD\$)	OF LOAN (RD\$)				UTILIZATION	R/U	OF LOAN
BANCO POPULAR										
Avicola Almibar, S.A.	8/90	12/95	\$5,420,200	\$3,194,200	E	Y	Poultry	Y	R	W. Capital
Ingredientes del Caribe, S.A.	9/90	9/95	\$6,000,000	\$0	VG	Y	Meat Processing	Y	U	Expansion
Corp. Avicola y Ganadera Jarabacoa, S.		12/95	\$6,000,000	\$0	VG		Poultry			
Agrocarne, S.A.	9/91	9/94	\$6,000,000	\$0		Y	Cattle	Y	R	Cap. Investment
Camelia Agroindustrial, S.A.	7/90	7/94	\$1,560,000	\$634,800	G	Y	Avocados	N	R	W. Capital
Bon Agroindustrial, S.A.	6/92	6/97	\$6,000,000	\$0	G	Y	Juice	Y	R	Expansion
Helados Bon, C. por A.		9/96	\$3,000,000	\$0	E	Y	Ice Cream	N	U	Expansion
Avicola Almibar, C. por A.		12/95	\$2,200,000	\$2,200,000	E	Y	Poultry	Y		
San Rafael Industrial	6/94	3/94	\$3,500,000	\$3,500,000	G	Y	Poultry	N	U	W. Capital
San Rafael Industrial	6/94	9/94	\$1,450,000	\$1,350,000	G	Y	Poultry	N	U	W. Capital
Pollos Veganos	6/94	6/97	\$400,000	\$0	G	Y	Poultry	Y	U	W. Capital
Agroindustrial Wilse C. por A.		6/97	\$3,000,000	\$3,000,000	E	Y		N		
Industrias Lavador, C. por A.	6/94	6/97	\$6,000,000	\$6,000,000	E	Y	Soap	Y	U	Expansion
Agroindustrial Wilse, C. por A.	6/94	6/95	\$3,500,000	\$500,000	E	Y	Poultry	N	R	Cap. Investment
SUBTOTAL (BANCO POPULAR):			\$54,030,200	\$20,379,000						

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	K	L	M	N	O	P	Q	R	S
	EMPLOYMENT		PROJECTED INCREASE		INCREASE IN EMPLOYMENT		SIZE OF FIRM	PROJECTED	ACTUAL
	BEFORE LOAN		IN EMPLOYMENT		ATTRIBUTABLE TO LOAN		TOTAL ASSETS	INCREASE	INCREASE
NAME	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN	IN RD\$	IN SALES	IN SALES
BANCO POPULAR									
Avicola Almibar, S.A.	950	570	120	72	350	N/A	\$57,053,281	12%	60%
Ingredientes del Caribe, S.A.	77	43	15	4			\$9,671,510	241%	
Corp. Avicola y Ganadera Jarabacoa, S.									
Agrocarne, S.A.	235	25	16	7			\$248,000,000	30%	
Camelia Agroindustrial, S.A.	85	15	50	6			\$4,369,438	85%	
Bon Agroindustrial, S.A.	101	80	38	19	121	75	\$20,421,272	35%	75%
Helados Bon, C. por A.	101	80	38	19	121	75	\$20,421,272	35%	75%
Avicola Almibar, C. por A.									
San Rafael Industrial	51	12	0	0			\$62,665,379	?	
San Rafael Industrial	51	12	0	0			\$62,665,379	?	
Pollos Veganos	234	35	0	0			\$215,627,756	?	
Agroindustrial Wilse C. por A.									
Industrias Lavador, C. por A.	661	80	0	0	1		\$545,149,954	2%	?
Agroindustrial Wilse, C. por A.	51	3	10	1			\$21,270,000	80%	
SUBTOTAL (BANCO POPULAR):	2597	955	287	128	593				

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	A	B	C	D	E	F	G	H	I	J
	DATE	DATE	ORIGINAL	CURRENT				US.		
	OF	LOAN	AMOUNT	AMOUNT	QUAL.	AG.		PRODUCT	LOC.	OBJECTIVE
NAME	LOAN	DUE	OF LOAN (RD\$)	OF LOAN (RD\$)	CREDIT	REL?	ACTIVITY	UTILIZATION	R/U	OF LOAN
BANCOMERCIO										
Industrias Avicolas, CxA	1/90	12/95	\$4,000,000	\$0	G		Poultry	Y	U	Expansion
Sociedad Agroind. La Sabana, S.A. (AG	1/91	12/97	\$1,200,000	\$0	G	Y	Mangoes	N	R	W. Capital
Casa Velasquez	6/90	6/95	\$850,000	\$141,667	E	Y	Vinegar	N	U	Expansion
Lic. Gertrudis Rodriguez	6/90	12/96	\$462,000	\$0		Y	Cattle	N	R	Cap. Investment
Industrial Maricosana, CxA	1/90	12/97	\$3,000,000	\$0		Y	Ethyl Alcohol	Y	U	Expansion
Cereales en General	6/90	12/95	\$2,000,000	\$0		Y	Cereals	Y	U	W. Capital
Cooperativa Avicola Nacional, S.A.	6/90	6/95	\$6,000,000	\$1,000,000	E	Y	Poultry	Y	R	W. Capital
Fertilizantes Quimicos Dom. S.A.	6/90	12/99	\$6,000,000	\$4,000,000	E	Y	Fertilizer	N	U	W. Capital
Dr. Jose F. Lopez	6/90	6/97	\$157,000	\$38,500	E	Y	Cattle	N	R	Cap. Investment
Jose Joaquin Crespo	6/90	12/99	\$1,191,250	\$794,167	VG	Y	Rice	N	R	W. Capital
Pascual Santoni y Sucs., C x A.	6/90	6/97	\$650,000	\$325,000	E	Y	Avocados	N	R	Expansion
Valentin Cedeno Gomez, C. x A.	6/90	6/97	\$698,400	\$419,040	G	Y	Cattle	N	R	W. Capital
Valentin Cedeno Gomez, C x A.	6/90	6/97	\$313,200	\$187,920	G	Y	Bananas	N	R	W. Capital
Americo Rodriguez	1/91	12/95	\$800,000	\$228,571	VG	Y	Rice	N	R	W. Capital
Asoc. Porcicultores Licey al Med.	1/91	6/96	\$1,537,218	\$567,457	VG	Y	Pork	N	U	W. Capital
Agoind. Delgado y Asoc.	1/92	6/97	\$2,000,000	\$1,200,000	R	Y	Feed	Y	R	W. Capital
Pollos Veganos	1/91	12/97	\$2,000,000	\$1,090,909	G	Y	Poultry	Y	R	W. Capital
Peravia Industrial, S.A.	1/91	12/97	\$2,000,000	\$0		Y	Poultry	Y	U	W. Capital
Pascual Santoni y Sucs., C. x A.	1/91	12/97	\$1,000,000	\$545,455	E	Y	Avocados	Y	R	W. Capital
Angel Hernandez Cruz	1/91	12/97	\$375,814	\$204,989	G	Y	Rice	N	R	W. Capital
Avicola Almibar	6/94	6/99	\$4,000,000	\$3,600,000	E	Y	Poultry	Y	R	W. Capital
Francisco Oliverio Espaillat	3/93	12/97	\$1,100,000	\$660,000	VG	Y	Rice	N	R	W. Capital
Jose Espaillat Bencosme	4/93	12/97	\$1,531,405	\$918,843	VG	Y	Rice	N	R	W. Capital
Ja Ja Agroindustrial S.A.	4/93	12/97	\$2,000,000	\$1,538,462	E	Y	Agrochemicals	N	R	W. Capital
Alberto Emilio Disla Munoz	1/91	12/93	\$600,000	\$0	E	Y	Pineapple	N	R	W. Capital
Alberto Emilio Disla Munoz	12/94	6/99	\$824,693	\$659,754	E	Y	Pineapple	N	R	Expansion
Radsa Agroindustrial, S.A.		6/99	\$2,000,000	\$1,300,000	R	Y				
SUBTOTAL (BANCOMERCIO):			\$48,290,980	\$19,420,734						

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	K	L	M	N	O	P	Q	R	S
	EMPLOYMENT		PROJECTED INCREASE		INCREASE IN EMPLOYMENT		SIZE OF FIRM	PROJECTED	ACTUAL
	BEFORE LOAN		IN EMPLOYMENT		ATTRIBUTABLE TO LOAN		TOTAL ASSETS	INCREASE	INCREASE
NAME	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN	IN RD\$	IN SALES	IN SALES
BANCOMERCIO									
Industrias Avicolas, CxA	850	150	150	50			\$20,525,000	29%	
Sociedad Agroind. La Sabana, S.A. (AG	30	10	14	0			\$3,948,726	83%	
Casa Velasquez	14	0	8	0	36	4	\$23,474,603	3%	
Lic. Gertrudis Rodriguez	10	0	3	0			\$8,144,000	39%	
Industrial Maricosana, CxA	26	2	12	1			\$26,000,000	50%	
Cereales en General	150	25	40	10			\$22,702,000	33%	
Cooperativa Avicola Nacional, S.A.	107	23	12	4			\$43,442,137	27%	
Fertilizantes Quimicos Dom. S.A.			30	20			\$103,822,963	15%	
Dr. Jose F. Lopez			7	2				18%	
Jose Joaquin Crespo	5	0	0	0			\$11,526,864	5%	
Pascual Santoni y Suc., C x A.	19	0	4	0			\$6,892,107	28%	
Valentin Cedeno Gomez, C. x A.	7	0	2	0			\$2,665,941	100%	
Valentin Cedeno Gomez, C x A.	10	0	10	0			\$2,665,941	100%	
Americo Rodriguez	8	0	35	0			\$7,792,000	36%	
Asoc. Porcicultores Licey al Med.	24	4	32	0			\$4,429,651	20%	
Agoind. Delgado y Asoc.	109	96	5	1			\$19,520,469	10%	
Pollos Veganos	245	20	25	2			\$27,259,685	10%	
Peravia Industrial, S.A.	870	484	16	9			\$62,400,000	12%	
Pascual Santoni y Suc., C. x A.	31	0	5	0			\$6,892,107	54%	
Angel Hernandez Cruz	14	0	3	0			\$1,949,000	11%	
Avicola Almibar	110	0	42	0			\$271,412,361	19%	
Francisco Oliverio Espailat							\$1,503,000	100%	
Jose Espailat Bencosme	65	0	46	0			\$23,393,300	0%	
Ja Ja Agroindustrial S.A.	878	238	292	125			\$45,313,989	7%	
Alberto Emilio Disla Munoz	5	0	40	0			\$8,132,500	100%	
Alberto Emilio Disla Munoz	55	15	20	10			\$60,680,000	23%	
Radsa Agroindustrial, S.A.									
SUBTOTAL (BANCOMERCIO):	3642	1067	853	234	36	4			

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Notes to EXHIBIT 4

This exhibit was constructed from four sources of data: the report by George Spence entitled, "Quarterly Memorandum as of March 31, 1995," the quarterly reports submitted to USAID/DR by the banks included as intermediaries under the program, the "Notice of Loans Which Qualify" form submitted by the banks for each loan made under the program, and the site visits conducted by the evaluation team. Many gaps exist in the data and the team often ran into conflicting data from the different sources. In many cases, the team used its best judgement to fill the gaps. The team recommends that the Mission obtain copies of the "Notice of Loans Which Qualify" forms from the banks for the following loans. The forms were notfound in the program files:

Citibank

Assoc. Desarrollo Energia Solar
Ferquido, S.A. (\$6,000,000)

Banco Progreso

Fumico Agroindustrial (\$1,000,000)
Bartolome Gamundi (\$500,000)
Francisco Delgado (\$345,000)
Delesme de la Rosa (\$500,000)
Productos Metalicos (\$2,000,000)
Gabriel Ramonell (\$250,000)
Paredes Dominicana (\$2,000,000)
Jose Damien Paniagua (\$17,500)
Liberato Rodriguez (\$31,000)
Lourdes Morales Viuda Gomez (\$1,000,000)
Jose Rafael Reynoso (\$250,000)
Carlos Cruz Dominguez (\$600,000)
Pascual y Jose Valenzuela (\$125,000)
Industria Chacinera, CxA (\$2,000,000)

Banco Popular

Corp. Avicola y Ganadera Jarabacoa, S.A. (\$6,000,000)
Helados Bon, C. por A. (\$3,000,000)
Avicola Almibar, C. por A. (\$2,200,000)
Agroindustrial Wilse C. por A. (\$6,000,000)

Bancomercio

Radsa Agroindustrial, S.A. (\$2,000,000)

Description of Categories in Exhibit 4:

- A. Date of Loan - The date the original sub-loan agreement was signed.
- B. Date Loan Due - The date the sub-loan comes due.
- C. Original Amount of Loan - The original amount of the sub-loan taken by the sub-borrower.
- D. Current Amount of Loan - The amount of the sub-loan outstanding as of March 31, 1995. If the amount shown is "\$0," the sub-loan has been paid off.
- E. Qual. Credit - The credit rating given by the banks to the sub-borrowers: E=Excellent; VG=Very Good; G=Good; R=Regular.
- F. Ag. Rel.? - Is the sub-loan related to Agriculture?: Y=Yes; N=No.
- G. Activity - The specific activity for which the sub-borrower will use the sub-loan.
- H. U.S. Product Utilization - Will the sub-borrower be purchasing or acquiring imported U.S. goods or services with the sub-loan?
- I. Loc. R/U - Will the activity to be financed by the sub-loan take place in an Urban (U) or Rural (R) location?
- J. Objective of Loan - The purpose to which the sub-loan will be applied: W. Capital=Working Capital; Expansion=Expansion of the sub-borrower; Cap. Investment=Capital Investment by the sub-borrower.
- K. Employment Before Loan, Total - The total number of employees on the payroll of the sub-borrower at the time of the sub-loan.
- L. Employment Before Loan, Women - The total number of women employees on the payroll of the sub-borrower at the time of the sub-loan.
- M. Projected Increase in Employment, Total - The total increase in employment predicted by the sub-borrower as a result of the sub-loan (estimate made at time the sub-loan agreement is signed).
- N. Projected Increase in Employment, Women - The total increase in employment of women predicted by the sub-borrower as a result of the sub-loan (estimate made at time the sub-loan agreement is signed).
- O. Increase in Employment Due to Loan, Total - Actual total increase in employment as a result of the sub-loan (estimate made after sub-loan is paid back). Note, impact on employment often is very difficult to estimate (see Section A of the text).
- P. Increase in Employment Due to Loan, Women - Actual increase in employment of women as a result of the sub-loan (estimate made after sub-loan is paid back). See note in "O" above.
- Q. Size of Firm, Total Assets - Total assets owned by the sub-borrower.
- R. Proj. Increase in Sales - The projected increase in sub-borrower's sales attributable to the sub-loan (estimate made at time the sub-loan agreement is signed).
- S. Actual Increase in Sales - The actual increase in sub-borrower's sales attributable to the sub-loan (estimate made after sub-loan is paid back).

APPENDIX E

APPENDIX E

PERSONS CONTACTED

Douglas H. Ball, USAID
José Barceló, Avícola Almíbar
Pedro A. Briceño S., Banco Nacional de Crédito, S.A.
Franquiz Caraballo, Bancomercio, S.A.
J. Michael Deal, USAID
Sheila de la Cruz, Bancomercio
Luz Angélica Galván de Roques, Colegio "Carmen Natalia"
Antonio Garrido Tobaja, Industrias Lavador, C.por A.
Jesús González, Paredes Dominicana, C.por A.
Luís González, USAID
Victor T. Graveley, Banco del Progreso
José R. Hernández Barrera, Bancomercio
Patricia Hernández, USAID
Salvador Lara Angeles
Efraín Laureano, USAID
Ignacio A. Méndez Fernández, Casa Velázquez, C.por A.
Julio Morales, Avícola Almíbar
Jaime Moreno, Bon Agroindustrial, S.A.
Jesús Moreno, Bon Agroindustrial, S.A.
Antonio Ocaña R., hijo, Bancomercio
Luis Paulino, Bon Agroindustrial, S.A.
Enrique A. Ramírez, Banco Popular
Diana Roca de Mella, Banco Popular
Brian Rudert, USAID
Christian C. Sánchez Ilzenhofer, Casa Velázquez, C.por A.
George C. Spence, Spence & Asoc., Ltd.
José Luis Venta, hijo, Industrias Lavador, C.por A.
Marilyn Zak, USAID

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APPENDIX F

APPENDIX F

REPORTS OF INTERVIEWS OF THE EVALUATION TEAM

Banco Popular - 8/29/95, 10:30 a.m.

Diana Roca de Mella, Gerente - Area de Negocios Corporativos

Enrique A. Ramírez, Gerente - Area de Negocios Corporativos

The bank considers Section 108 a successful program. As a rule, agro-industries do not meet current prudential norms and have no access to medium-/long-term credit (more than 90 days) at competitive interest rates. Roca and Ramírez stated that the Section 108 program allows the bank to skirt the prudential norms. FIDE was the only other source of long-term credit, but it has been shut down. "Working capital" can mean anything in the Dominican Republic, including capital investments as well as what normally would be understood as short-term working capital. Roca claimed that if the corpus of the Section 108 program could be kept intact, the bank could easily relend the funds.

The bank seems to be doing well. Roca and Ramírez generally were enthusiastic about the program. Still, they were less knowledgeable about the uses to which the sub-loans had been put than about the firms themselves.

Bancrédito (Banco Nacional de Crédito) - 8/29/95, 2:30 p.m.

Pedro A. Briceño S., Vicepresidente de Crédito

Bancrédito is the lead bank for the Section 108 program, a position it inherited from Chase. The bank has developed a program called PPR -- Préstamos Personales Rápidos -- to target small rural sub-borrowers. It has lent Section 108 funds to these clients. Many of the sub-loans have gone to rice farmers in the Cibao valley (rice is a RD\$5 billion industry in the Dominican Republic). Rice farmers have two harvests a year. They have a particular need for long-term working capital since they have to pay for inputs in lump sums and then wait at least six months before they can harvest, sell, and pay off their loans. One of the bank's sub-loans financed a rice mill that allowed the sub-borrower, Arroceros Duarte, to grow from a RD\$24 million to a RD\$40 million firm.

Briceño emphasized the importance of the shift from annual to quarterly interest rate adjustments. Without it, the banks would have had major problems. Even now, market interest rates change much more rapidly than quarterly, and the banks would prefer to make program revisions monthly.

Bancrédito could continue to make sub-loans if the principal of the program could be kept intact for the remainder of its life. If maintenance of the existing corpus were a possibility, they would like to raise the option of monthly interest rate adjustments.

The bank is diversifying its portfolio beyond rice to include small- and medium-enterprise sub-loans in other sectors such as education, furniture, tourism, etc. Briceño was quite down to earth and knowledgeable about what his loans were accomplishing.

Bancomercio (Banco Nacional de Comercio) 8/29/95, 4:00 p.m.

José R. Hernández Barrera, Vice Presidente Banca de Desarrollo

Sheila de la Cruz, Sub-Gerente, Banca de Desarrollo

Antonio Ocaña R., hijo, Vice-Presidente Ejecutivo de Negocios

Franquiz Caraballo, Vice-Presidente de Negocios - Zona Metro-Este

At the beginning of the program, lending for the agricultural sector was very limited. Bancomercio received 29 million pesos under the program and lent it out to 17 sub-borrowers. Bancomercio considers RD\$500,000 a small loan, and a loan of RD\$5 million or more a large loan. Most of the bank's Section 108 sub-loans were small and medium loans. Clients find Section 108 sub-loans attractive because of their long term and relatively low rates -- a fraction below current short-term rates. The bank likes them for the same reasons, and also because principal and interest payments come due semi-annually, not monthly. Bancomercio is proud of its absorption of the local branches of Bank of America and the Royal Bank of Canada. They believe this has allowed them to apply better management and accounting systems than their competitors. Bancomercio is accustomed to evaluations of loan performance since they do considerable business with the WB, IDB, EXIMBANK, BLADDEX, etc. Bancomercio is noteworthy for having sent officers to the field to write-up short evaluations of the accomplishments of its sub-loans. The evaluation team received copies of a sample of the evaluations.

Bancomercio seemed to welcome the scrutiny by the evaluation team. In fact, they found it strange that USAID had not taken more of an active interest before.

Banco del Progreso, 8/30/95, 9:30 a.m.

Victor T. Graveley, Gerente Créditos FIDE

Graveley praised the Section 108 program for not being bureaucratic. Another bonus is that funds under the program are relatively inexpensive. The bank has targeted Section 108 sub-loans to small farmers for longer terms than those required by the agreements (5+ years). Sub-borrowers want sub-loans under the program since there are no other sources of long-term credit available. Graveley mentioned that "working capital" in the Dominican Republic often is different from "working capital" in the U.S. sense of the term. In the Dominican Republic, working capital can mean funds for capital investment and other uses.

When the evaluation team questioned the suitability of rice for Section 108 sub-loans, Graveley was the first banker the team interviewed who jumped in to defend the rice sector. He insisted that rice is vital in the Dominican Republic and that is a significant generator of employment. Additionally, lending for rice is a safe proposition for the bank. NTAEs are much more risky because of pests (White Fly is a big problem), lack of proven technology and experience, and APHIS regulations. In rice, millers do not pay farmers for four or five months. In effect, rice

farmers are financing the millers and need long-term credit to compensate. If the program prohibited sub-loans for rice, there still would be sufficient demand in other sectors to use all the funds. The bank would like to keep the program funds currently at its disposal in their entirety until 1999. Ideally, it would like to use them in perpetuity.

Industrias Lavador 8/30/95, 11:00 a.m. (Banco Popular)
Antonio Garrido Tobaja

Industrias Lavador has received sub-loans from different banks. The only sub-loan of which the team was aware at the time of the interview was a three-year RD\$6 million loan from Banco Popular. Garrido mentioned that the main reason they took the sub-loan was its attractive interest rate. Otherwise, Lavador probably would not have taken it. The sub-loan helped finance a new RD\$130 million soap factory. The bulk of the project was financed with capital obtained from sales of a large inventory of peanut oil. The new soap plant opened in May of this year. It uses the latest technology and employs 40 people. Most of the soap goes to the domestic market, but some is shipped to New York to meet a niche demand by Dominicans resident there. Most of the factory's inputs come from the U.S., including 100 percent of its caustic soda requirements.

The sub-loan from Banco Popular was a drop in the bucket for Lavador and probably did not make much of a difference one way or the other to its business. Lavador would have found another source of RD\$6 million -- 4.6% of the total cost -- if it had not had access to Section 108 funds.

Salvador Lara Angeles, 8/30/95 1:30 p.m. (Bancrédito)

Sr. Lara received a RD\$300,000, three-year sub-loan from Bancrédito in May of 1995. With the sub-loan, he set up a small furniture business. The shop makes fine-quality furniture from imported Caoba wood (from Brazil via Miami -- he claimed that there is no domestic source of Caoba wood because of the long history of unsustainable forestry practices in the country). Sr. Lara's furniture is sold in a chain store called Gonzáles Muebles. His business is small and employs 14 people, all men. Without the Section 108 sub-loan, it is doubtful that the business would exist. Sra. Lara manages the finances and sales while he manages production and trains the workers.

Sales are good and the venture gives every indication that it will grow successfully with time. Although the enterprise is not agriculture-related, the evaluation team believes the sub-loan to Sr. Lara is an appropriate use of Section 108 funding. It also supports current Mission objectives.

Helados Bon (Bon Agroindustrial, S.A.), 8/30/95, 3:00 p.m. (Banco Popular)
Jaime A. Moreno P., Vice-Presidente de Operaciones
Jesús Moreno
Luís Paulino, Gerente General

Sr. Moreno could find no record of a Section 108 sub-loan. They had received a PL-480 loan through FIDE and thought that was why the team had requested the meeting. They assumed that

the sub-loan, if they had received it, had been put into their general fund for expansion of the company, which included a new aqueduct, icemaker, and pasteurization plant. They currently pay 26 percent interest on most of their loans, which represents a sizable financial burden. In 1992, Bon Agroindustrial had a total of 80 employees; now, after the expansion, it has over 220 employees, most of whom are women. The company has grown from RD\$30 million in sales (1992) to RD\$84 million in sales last year. The evaluation team later confirmed that Bon Agroindustrial indeed had received a RD\$6 million Section 108 sub-loan, which it paid back in 1993.

Casa Velázquez, C. por A., 8/31/95 10:00 a.m. (Bancomercio)

Ignacio A. Méndez Fernández, Gerente General

Christian C. Sánchez Iizenhofer, Gerente Operaciones Industriales

Casa Velázquez is a 96-year old company. In 1990, it received a RD\$2 million, five- year sub-loan under the Section 108 program. The sub-loan paid for four new vinegar reactors for the factory. In 1990 the company had only one reactor; now it has ten. Casa Velázquez is the number-three manufacturer of vinegar in the country. It employs 50 people (up from 14 in 1990), four of whom are women, and has recently added a packing plant. The loan helped the company increase sales and get a larger market share. The most attractive feature of the sub-loan, according to Méndez, was its one-year grace period. Now that they have started to make payments, they have had a hard time making ends meet. Méndez and Sánchez indicated that businesses have a desperate need for long-term credit, but that at current market rates it is almost impossible for them to afford credit regardless of term. They have no complaints about Bancomercio -- they think it is a top-notch bank -- but they could not afford another sub-loan at current interest rates.

This sub-loan has made a difference. It allowed a company that was badly in need of new physical plant to revitalize and expand.

Avícola Almíbar, S.A., 8/31/96, 11:30 (Banco Popular, Bancomercio, Bancrédito)

José Barceló

Julio Morales

Almíbar has received a total of RD\$16 million in sub-loans from Banco Popular, Bancomercio, and Bancrédito under the Section 108 program. The funds have been used as working capital, mainly to finance the purchase of corn from the U.S. (for which they spend over \$500,000 a month). The firm has grown from 980 employees in 1992 to 1300 employees at present. Sales have grown from RD\$16 million in 1992 to RD\$390 million today. Sr. Barceló complained that Section 108 interest rates are very high. Presently, they prefer to borrow U.S.-denominated funds at the lower interest rate for dollars. Ninety five percent of the equipment used by the firm is of U.S. origin. It is impossible to isolate the impact of the Section 108 sub-loans, which were mingled with the company's general operating funds to help with cash flow.

Colegio "Carmen Natalia", 8/31/95, 1:30 p.m. (Bancrédito)

Luz Angélica Galván de Roque

Colegio "Carmen Natalia" is an 18-year old school. It is K-12, with over 250 students. It is privately owned and operated. In the summer of 1995, the school received a sub-loan of RD\$2.5 million from the Section 108 program to pay off a mortgage on the school library and to add a second story -- five new classrooms -- to the primary school building. Twenty two teachers work at the school. The sub-loan is for five years with a six-month grace period. Sra. Galván told the team that she had looked for a long-term loan for over five years until she was able to obtain this one. She found out about the Section 108 program through sheer persistence. There is no way that she could have financed the new construction with a short-term loan.

The sub-loan has allowed the school to add over 100 new students, which equates to about four new teachers. Although the investment is not an agriculture-related project as preferred by the legislation, it is a worthwhile use of Section 108 funding that will have a long-term positive impact.

Paredes Dominicanas, 8/31/95, 3:30 p.m. (Banco del Progreso)

Jesús Gonzáles, Administrador General

Paredes Dominicanas is a shoe factory founded in 1983. In 1990 the company received a Section 108 sub-loan for RD\$2 million from Banco del Progreso. According to Gonzáles, the sub-loan saved the company by allowing it to purchase new Italian machinery and other equipment, thus making Paredes Dominicanas more competitive. Transactions costs are high in the shoe industry. Power is out eight to ten hours a day, clearing inputs through customs is a tedious and costly process (much of the raw input for the factory consists of semi-finished products from China and Thailand), and there is considerable competition from illegally imported shoes. Despite the illegal competition, Gonzáles warmly endorses the opening of the economy, which has stimulated the adoption of more modern practices and increased local competition. In 1990 the factory had 200 workers; it now has 115, half of whom are women. On the one hand, the decline in employment can be attributed to the more efficient machinery purchased with the sub-loan. On the other hand, Gonzáles stressed, without the machinery, all 200 workers would have been out on the street. In effect, therefore, the sub-loan saved 115 jobs.

This sub-loan is having a positive effect and is a case where the Section 108 program has made a noticeable contribution to the local economy.

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